THE FINANCIAL SERVICES COMMISSION OF ONTARIO

ANNUAL REPORT 2001-2002

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SUPERINTENDENT'S REPORT ON INSURANCE 2001

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Message from the Chair and the Chief Executive Officer

This is the fourth annual report of the Financial Services Commission of Ontario (FSCO). By legislation, FSCO was given a mandate to provide regulatory services that protect consumers and pension plan beneficiaries and that support a healthy and competitive financial services industry. While this mandate is as relevant today as ever, the strategies for achieving it have been refined given the changes transforming the financial services marketplace.

FOUR KEY CHALLENGES

This annual report outlines FSCO's initiatives in the year ending March 31, 2002, to maintain a constructive and responsive presence in Ontario's financial services marketplace by aligning the regulatory system with evolving market forces. During the year, FSCO addressed four key challenges.

A Converging Industry

As financial services sectors converge, many financial institutions are developing products and services that cross traditional sectoral boundaries and are virtually indistinguishable. Reflecting this trend, about 70 per cent of life insurance agents are also registered to sell mutual funds. However, since the regulatory framework is still largely based on the traditional "four pillars" - banks, trust companies, insurers and securities firms - similar products and services may receive different regulatory treatment.

The challenge is to harmonize regulation, both across sectors and across jurisdictions. Harmonization will help co-ordinate the efforts of regulators and eliminate both gaps and overlaps in the regulation of financial products, thereby protecting consumers more effectively and creating a level playing field for the industry.

The Changing Consumer

Consumer expectations and needs are changing. Today's consumer has access to resources and information that, until recently, were limited to financial services professionals. With the aging of the baby boom generation, demand is growing for wealth management services, in addition to traditional financial products. In this climate, consumers seek assurance that the people they turn to for increasingly complex financial advice are competent and knowledgeable. The challenge for regulators is to meet expectations for strong consumer protection, while sustaining a healthy market environment.

A Balanced Approach

A critical objective for FSCO is to sustain public confidence in the regulated sectors. This sense of trust rests on FSCO's ability to enforce minimum standards and maintain high standards of consumer protection in a dynamic and competitive marketplace, while also taking into account the interests of the regulated industry. The challenge is to provide a fair and balanced regulatory approach - one that strengthens protection for consumers and pension plan beneficiaries, while being flexible enough to foster competition and innovation in the regulated sectors.

New Electronic Channels

Today, consumers purchase financial products not only in person but also over the Internet, through direct mail and on the telephone. Financial services providers are marketing products such as insurance and mortgages on-line and dealing with their suppliers and partners electronically. In the age of e-business, both consumers and the industry expect electronic links with regulators. The challenge is to offer financial services providers and consumers increased opportunity to interact with FSCO electronically.

A YEAR OF SOLID PROGRESS

FSCO worked with consumer groups, the financial services industry, other regulators and other stakeholders to address these challenges in 2001-2002. Considerable progress was made.

An outstanding illustration of improved electronic service is FSCO's web-based life insurance agent licensing system - Canada's first - launched in May 2001. The Internet Application System enables life agents to renew Level II licences and move from Level I to Level II over the Internet, conveniently and securely.

To promote compliance with regulatory requirements in the pensions sector, FSCO has developed a risk-based approach designed to give early warning of potential problems. A computerized system introduced by FSCO supports the risk-based supervision of the funding of defined benefit pension plans. This new process led to the recovery of $22 million in unpaid contributions for deposit to pension funds.

On the national scene, FSCO is an active participant in the Joint Forum of Financial Market Regulators, which brings together securities, pension and insurance regulators from across the country. One notable accomplishment of the Joint Forum during the year was active involvement with the financial services industry to create a Financial Services OmbudsNetwork (FSON). The industry announced the FSON in late 2001. This innovative initiative will provide more than 95 per cent of Canada's financial services consumers with single-window access to recourse if they have concerns or complaints. Once the system is fully operational, Canadian consumers will enjoy the same high level of service in resolving disputes, regardless of where they live, the type of financial product purchased, the organization that sold it, or the distribution channel used. In a converging marketplace, this makes a great deal of sense.

The May 2000 Ontario Budget announced the government's proposal to merge FSCO and the Ontario Securities Commission as the next stage in the integration of financial services regulation in Ontario. The goal is to provide consistent consumer and investor protection across all financial sectors in the face of converging financial services markets. The government has completed two rounds of consultation on the proposal - one focused on a discussion paper in Fall 2000 and a second on draft legislation in Spring 2001. Pending any such merger, FSCO will continue to adopt efficiency improvements within its own operations, while preserving uninterrupted service to stakeholders.

This was a year of transition for FSCO's senior leadership. FSCO's first Superintendent of Financial Services and Chief Executive Officer, Dina Palozzi, left the public service in July 2001. She was succeeded on an acting basis by Philip Howell, Assistant Deputy Minister and Chief Economist in the Office of Economic Policy at the Ministry of Finance.

CHANGING WITH THE TIMES

The convergence of financial services sectors, the shifts in consumer expectations, the importance of a balanced approach and the advance of electronic communications are driving change in the regulatory environment. In the year ahead, FSCO will continue to improve the efficiency and effectiveness of the regulatory framework and promote a co-ordinated national approach to regulatory issues. Further priorities will include an ongoing emphasis on promoting and vigorously enforcing compliance and enhanced e-communication to support a high standard of customer service. FSCO's initiatives will continue to benefit from consultation and co-operation with a diverse array of stakeholders.

The scale and pace of change in the financial services industry requires all participants to adapt. In meeting this challenge, FSCO remains committed to fostering a fair, efficient and effective financial services sector where consumers and pension plan beneficiaries are protected and the marketplace flourishes.

Martha Milczynski
Chair
Financial Services Commission of Ontario

Chair
Financial Services Tribunal

Philip Howell
Chief Executive Officer
Financial Services Commission of Ontario (Acting)
Superintendent of Financial Services (Acting)

FSCO's Mandate, Structure and Resources

The Financial Services Commission of Ontario (FSCO) is a regulatory and adjudicative agency of the Ministry of Finance. FSCO regulates insurance, pension plans, loan and trust companies, credit unions, caisses populaires, mortgage brokers and co-operative corporations in Ontario.

Established by the *Financial Services Commission of Ontario Act, 1997* (the *FSCO Act*), the agency has a mandate to protect the public interest and enhance public confidence in the regulated sectors. FSCO does this by providing regulatory services that protect consumers and pension plan beneficiaries and support a healthy and competitive financial services industry.

FSCO is comprised of three key parts: the Commission or Board; the Superintendent of Financial Services and staff; and the Financial Services Tribunal (FST).

- The five-member Board has specific duties under the *FSCO Act*, such as making recommendations to the Minister of Finance on matters affecting the regulated sectors. The Board includes the Chair and two Vice-Chairs appointed by the Lieutenant Governor in Council; the Superintendent of Financial Services, who is also FSCO's Chief Executive Officer (CEO); and the Director of Arbitrations, who oversees the automobile insurance dispute resolution system.

- The Superintendent of Financial Services is responsible for the general supervision of the regulated sectors and the administration and enforcement of the *FSCO Act* and other statutes covering the regulated sectors. As CEO, the Superintendent is also responsible for FSCO's financial and administrative affairs. FSCO staff support the Superintendent in carrying out these roles.

- The FST is an adjudicative body that conducts hearings arising from regulatory and proposed regulatory decisions of the Superintendent of Financial Services.

Located in North Toronto, FSCO had 429 full-time employees and a budget of $38.6 million in the 2001-2002 fiscal year, ending March 31, 2002.

FSCO's costs are recovered from the regulated sectors. FSCO collects fees from pension plans, insurers, mortgage brokers, credit unions, caisses populaires, loan and trust companies and other regulated entities and levies assessments with respect to the insurance, credit unions and caisses populaires, and loan and trust sectors.

The Regulated Sectors

The sectors regulated by FSCO together comprise a healthy and dynamic industry that underpins the economy and supports the financial security of individuals and families.

Pension Plans

Registered pension plans overseen by FSCO represent an essential part of Ontario's retirement savings structure. Twenty-eight of the top 100 pension funds in Canada are registered in the province, with assets of approximately $191 billion. The top five funds in Ontario by asset size constitute $139 billion of that total.

Most pension plan members belong to one of three types of plans:

- defined benefit plans, providing a predetermined benefit level during retirement;
- defined contribution plans, with contribution amounts specified and benefit payments based on accumulated contributions plus investment yield; and
- multi-employer plans – either defined benefit or defined contribution – established primarily in industries or trades where workers tend to change employers frequently.

In 2001-2002, the total number of pension plans decreased one per cent to 6,239 while total plan membership increased six per cent to 1.96 million members. The increase in plan membership was due partly to the transfer of a major pension plan to Ontario from another jurisdiction.

The distribution of plan membership between the different plan types remained consistent with last year. While multi-employer plans represented only two per cent of the total number of registered plans, they accounted for 36 per cent of total plan membership.

Ontario Registered Pension Plans and Membership

Type	*As of March 31, 2002*		*As of March 31, 2001*	
	#	*% of Total*	*#*	*% of Total*
- Defined Benefit	2,735	44%	2,742	43%
- Members	1,019,990	52%	902,995	49%
- Defined Contribution	3,383	54%	3,447	55%
- Members	246,586	13%	255,597	14%
- Multi-Employer Defined Benefit Plans	86	1%	87	1%
- Members	680,695	35%	666,935	36%
- Multi-Employer Defined Contribution	35	1%	36	1%
- Members	16,545	1%	13,039	1%
- Total Plans	6,239	100%	6,312	100%
- Total Members	1,963,816	100%	1,838,566	100%

Insurance

Insurance is a $24 billion industry in Ontario, with premium volumes increasing more than 14 per cent in 2001. The value of premiums remains evenly split between life insurance companies and property & casualty (including automobile) insurers. This breakdown indicates a mature market with strong competition and a diversity of product lines. In all, 408 insurance companies are licensed to do business in the province.

Insurance Companies Licensed in Ontario

Business Type	*As of March 31, 2002*	*As of March 31, 2001*
Life	104	109
Property & casualty	221	227
Other	83	84
Total	408	420

Direct Insurance Premium Volume in Ontario

Business Type	*2001 $ Billion*	*2000 $ Billion*
Life	12.3	11.2
Property & casualty	11.8	10.6
Other	.2	.2
Total	24.3	22.0

Deposit Institutions

Ontario's 283 credit unions and caisses populaires held total assets of $17.3 billion as of March 31, 2002. The trend toward amalgamation continued, with credit unions and caisses populaires increasing their total assets during 2001-2002, despite a decrease in their number. Regulatory capital[1] in support of deposits represented 6.78 per cent of system assets in 2002, up from 6.70 per cent in 2001 and 6.65 per cent in 2000, reflecting a sound industry. Membership in credit unions and caisses populaires remained steady at about 1.6 million.

As of the end of the fiscal year, the three Ontario-incorporated loan and trust companies had assets totaling $1.04 billion.[2] Of this amount, 60 per cent was in mortgage loans and 21 per cent in other loans and investments.

Thirteen new co-operatives were incorporated during 2001-2002 – one in housing, two in farming, two in services, one consumer, one extra-provincial, one daycare and five worker co-operatives. In all, there were 1,726 co-operatives in Ontario as of March 31, 2002 – of which 1,377 were active.

At fiscal year end, 414 mortgage brokers were registered in the province, up from 390 the year before. The total value of mortgages administered rose to $18 billion, from $17 billion a year earlier.

Under Ontario Regulation 76/95 to the *Credit Unions and Caisses Populaires Act, 1994*, credit unions and caisses populaires are required to maintain adequate regulatory capital, that is, capital equal to at least five per cent of total assets. Under FSCO policy, this is determined using a set of rules based upon standards developed by the Bank for International Settlements (BIS).

The 2001 Ontario Budget announced the government's intention to bring forward legislation for Ontario to exit from regulation of the loan and trust industry. After a period to be determined, only federally incorporated companies would be permitted to operate in Ontario.

Ontario Credit Unions and Caisses Populaires

Measure	*As of March 31, 2002*	*As of December 31, 2001*
All institutions		
Total number	283	318
Total assets	$17.3 billion	$15.7 billion
Institutions with assets over $10 million		
Number	177	179
Assets	$17 billion	$15.3 billion

FSCO at Work

Organization Realigned to Reflect Market Imperatives

In July 2001, FSCO implemented organizational changes to create efficiencies and better match operations with the needs of the marketplace. The reorganization established more clear-cut regulatory accountability for pension plans, increased the focus on access to consumer remedies, strongly aligned policy development with service delivery and reinforced FSCO's compliance and enforcement presence.

The changes created a new Pension Division headed by a Deputy Superintendent who exercises the pension authority delegated by the Superintendent of Financial Services. Consolidating FSCO's pension expertise, the new division includes the Pension Plans Branch, the Pension Policy Unit and the Actuarial Consulting Unit.

Complaint and dispute-handling were integrated into a new division that brings together the Office of the Insurance Ombudsman and the Dispute Resolution Group serving the automobile insurance sector. The Ombudsman/Dispute Resolution Division is headed by a new position of Ombudsman/Executive Director that incorporates the legislative title and duties of the Insurance Ombudsman. Within this division, the Arbitration Services Branch and the Mediation Services Branch are combined into a single Dispute Resolution Services Branch.

The Licensing and Enforcement Division was renamed the Licensing and Compliance Division and, within the division, the Examinations Branch was renamed the Compliance Branch. Policy responsibilities for mortgage brokers, credit unions, co-operatives, non-automobile insurance and deposit institutions were transferred to this division.

FSCO strengthened its enforcement presence by shifting the Investigations Unit from its specific program area. The Unit now reports to the Director of the Legal Services Branch.

The Automobile Insurance Policy Unit became part of the new Automobile Insurance Division – formerly the Automobile Insurance Analysis Division – bringing policy development and service delivery functions into closer alignment.

A new Corporate Policy & Public Affairs Branch consolidates corporate policy functions – including FSCO's participation in national regulatory co-ordinating bodies – together with public affairs and an expanded responsibility for stakeholder relations and special projects.

These organizational changes are designed to enable FSCO to be efficient and effective in delivering regulatory services.

Eight Areas of Activity

FSCO's day-to-day activities fall into eight areas:

1. licensing and monitoring;
2. enforcement;
3. overseeing pension plans;
4. support for the automobile insurance system;
5. dispute resolution and complaint services;
6. policy development;
7. consumer protection through education; and
8. maximizing the effectiveness of organizational resources.

The following is a brief description of FSCO's ongoing activities in these areas during 2001-2002.

1. Licensing and Monitoring

To protect the public, FSCO licenses and registers people and enterprises offering financial services. FSCO conducts field examinations of insurance companies, pension plans, mortgage brokers, credit unions and caisses populaires to monitor compliance with legislation and regulations.

In 2001-2002, FSCO received more than 17,000 licensing, registration and other applications. Applicants must meet licensing requirements under the relevant statutes, which may include a qualifying examination and continuing education.

In May 2001, FSCO introduced the Internet Application System. By year end, approximately 35 per cent of all life insurance agent licence renewals – including agents moving from Level I to Level II – were being processed over the Internet.

FSCO: Licensing and Registration

Activity	2001-2002	2000-2001
Individuals		
New Licences Issued		
Life agents	4,748	3,404
General agents	771	696
Accident and sickness agents	290	270
Adjusters	207	162
Licences Renewed		
Life agents*	4,914	15,968
General agents*	1,761	1,735
Accident and sickness agents	170	136
Adjusters	958	912
Moves from Life Agent Level I to Level II	2,160	2,303
Corporations		
New Licences Issued		
Life and general agencies	266	413
Corporate adjusters	4	10
Mortgage brokers	56	55
Loan and trust companies	6	4
New insurance companies	7	10
Licences Renewed		
Life and general agencies*	707	1,822
Corporate adjusters	126	138
Mortgage brokers	446	390
Co-operatives		
Offering statements	16	19
New incorporations	13	20
Dissolutions/cancellations	109	4
Credit unions/caisses populaires		
New incorporations	0	0
Applications to change line of business	135	168
Mergers	21	18

* Licences are issued for a two-year term. As a result of changes implemented in 1995, there are high year and low year cycles. 2001-2002 was a low year.

FSCO: Monitoring Activities

Type	2001-2002	2000-2001
Examinations conducted		
Insurance companies		
solvency	36	36
Statutory accident benefits		
claims practices	11	7
Group auto insurers	0	24
Life insurer market conduct	0	38
Mortgage brokers	37	35
Credit unions/caisses		
populaires	15	13
Loan and trust companies	3	3
Police checks of agent licence applicants	**8,275**	**4,940**
Audits re life agent continuing education*	**692**	**1,105**
Agent conduct reviews**	**156**	**163**

* Audits are done on renewal licences, which have a two year term. There are high year and low year renewal cycles. 2001-2002 was a low year.

** Represents complaints about agent conduct reviewed by the Ombudsman's Office.

2. Enforcement

FSCO investigates and takes enforcement action where there is non-compliance with the legislation.

Due to the success of FSCO's efforts to ensure compliance, the total number of formal enforcement actions in 2001-2002 decreased from the previous year. In particular, vigorous audits have increased compliance with continuing education requirements for life agents and with errors and omissions requirements for all agents, reducing the need for enforcement action in these areas. This improvement has allowed FSCO to focus its resources on emerging complex cases, such as misrepresentation.

During the year, FSCO secured a total of 32 convictions or guilty pleas for offences ranging from acting as a mortgage broker while unregistered, furnishing false information on a licence application, and failing to file.

Advisory Boards – made up of a representative of insurance agents, a representative of insurers and a representative of the Superintendent – hold hearings on the conduct and licensing of insurance agents and adjusters, and make recommendations to the Superintendent of Financial Services. The majority of cases are resolved by minutes of settlement, without the need for a formal hearing. During the year, the Superintendent issued four licensing decisions following hearings before an Advisory Board.

FSCO: Enforcement Actions

Type	*2001-2002*	*2000-2001*
Licences revoked	21	33
Licences suspended	25	16
Licences surrendered	2	6
Prosecutions completed	32	32
Cease and desist orders	0	4
Licence conditions via minutes of settlement	6	11
Letters of censure	40	73
Revocation of agent sponsorship	8	13
TOTAL	134*	188

* Decrease in enforcement actions reflects effectiveness of FSCO's compliance efforts. See text above.

3. Overseeing Pension Plans

FSCO monitors and enforces compliance with the *Pension Benefits Act* (the *Act*), which sets minimum standards for the administration and funding of private pension plans. Under the *Act*, the Superintendent of Financial Services makes regulatory decisions on various plan transactions. The Superintendent may delegate some of this authority to staff. In addition, FSCO processes routine pension plan filings, which totalled 16,117 in 2001-2002. When companies become insolvent, the Superintendent normally appoints a third-party administrator to ensure that the plans are properly wound up. As of March 31, 2002, FSCO was co-ordinating the administration of 182 pension plans for insolvent companies.

The Pension Benefits Guarantee Fund (PBGF) is an insurance fund established by the *Pension Benefits Act* and operated by FSCO. It provides a minimum level of protection to members of defined benefit plans where an employer becomes insolvent and the pension fund does not have sufficient assets to pay the promised pension. Financial statements for the PBGF may be found on pages 63-66 of this annual report.

FSCO: Pension Plan Transactions Processed

Type	*2001-2002*	*2000-2001*
New plans registered		
Defined benefit	181	107
Defined contribution	143	175
Total	324	282
Plan amendments registered	3,153	2,926
Full wind ups processed		
Defined benefit	97	144
Defined contribution	180	162
Total	277	306
Partial wind ups processed		
Defined benefit	59	66
Defined contribution	52	39
Other	0	1
Total	111	106
Plan mergers/asset transfers approved		
Defined benefit	128	127
Defined contribution	62	44
Multi employer	0	3
Total	190	174
Surplus refunds to employers on full wind up approved		
Defined benefit	16	26
Defined contribution	2	4
Total	18	30

Pension Benefits Guarantee Fund

Claims Paid	*2001-2002*	*2000-2001*
Number	10	7
Total value	$4,172,699	$1,134,180

4. Support for the Automobile Insurance System

Since automobile insurance is compulsory for Ontario drivers, FSCO's mandate includes significant responsibilities in this segment of the insurance industry.

Reviewing Auto Insurance Rates

To protect consumers, automobile insurers are required to obtain FSCO's approval for changes in their rates or systems for classifying risks. In 2001-2002, the rate review process saved consumers an estimated $31.7 million, based on the difference between rates as originally submitted and finally approved.

As of March 31, 2002, the average cost of automobile insurance in Ontario was 8.93 per cent higher than a year earlier. This level represents a 0.78 per cent increase since the implementation of the *Automobile Insurance Rate Stability Act* in late 1996, which led to major changes in the auto insurance product.

This was the first year for FSCO's Respond to Market (R2M) process for filing private passenger rate changes, available to insurers meeting certain criteria. R2M enables companies to respond more rapidly to market trends, as less detailed filing information is required and the FSCO review process is quicker. In December 2001, FSCO released updated R2M criteria for rate filings with renewal effective dates after January 1, 2002.

FSCO: Automobile Insurance Rate Filings Processed

Measure	*2001-2002*			*2000-2001*
	Major	*Respond to Market (R2M)*	*Total*	
Private passenger automobile				
Rate filings received	83	35	118	115
Average number of days between receipt of filing and filing considered complete	6	7	6	8
Average number of days to review and approve filings	45	12	36	37
Filings with rate increases	72	31	103	82
Filings with rate decreases	3	0	3	14
Filings with no change to rate levels	8	4	12	19

Measure	*2001-2002*	*2000-2001*
Non-private-passenger automobile		
Rate filings received	262	218
Average number of days between receipt of filing and filing considered complete	6	12
Average number of days to review and authorize filings	25	13
Filings with rate increases	185	136
Filings with rate decreases	24	36
Filings with no change to rate levels	53	16

Monitoring Designated Assessment Centres

Designated Assessment Centres (DACs) provide impartial assessments of automobile accident injuries to help claimants and insurers avoid disputes about statutory accident benefits. FSCO oversees and monitors DACs and reviews complaints about their activities. FSCO also provides support for the Minister's Committee on the DAC System, created by the Minister of Finance. The Committee appoints DACs to the roster, specifies the types of assessment each can conduct and develops assessment guidelines.

During the year, FSCO and the Committee began to develop a self-audit process as the cornerstone for the DAC quality assurance program. To be used in conjunction with the DAC electronic reporting system, the self-audit will assist DACs in measuring compliance with the Statutory Accident Benefits Schedule and the DAC assessment guidelines, while providing feedback on the quality of their assessments and final reports. To improve the cost-effectiveness of the DAC system, FSCO and the Committee also started to identify cost-saving opportunities within DAC assessment processes.

*Designated Assessment Centres**

Measure	*2001*	*2000*
Total number of DACs	108	119
Referrals to DACs	13,357	11,394
Assessments completed	9,750	8,480
Number of complaints reviewed by FSCO	142	87

*Activity recorded on a calendar year basis.

Protection in Accidents Involving Uninsured Motorists

The Motor Vehicle Accident Claims Fund (MVACF) administered by FSCO provides compensation to persons injured in automobile accidents involving uninsured or unidentified vehicles, where the person has no access to insurance coverage.

MVACF is financed primarily by a one-dollar levy on each Ontario driver's licence issued or renewed annually. It also recovers third-party liability payments from uninsured motorists responsible for accidents, and arranges for the suspension of the driver's licences of motorists in default.

MVACF's financial statements appear on pages 67-72 of this annual report.

Motor Vehicle Accident Claims Fund Activities

Measure	*2001-2002*	*2000-2001*
Number of claims	390	522
Total cash payouts	$9.5 million	$7.7 million
Total statutory accident benefits claims	289	277
Total statutory accident benefits payments	$6.2 million	$3.5 million
Total third-party liability payments for bodily injury and property damage	$3.3 million	$4.2 million
Collection of repayments	$2.1 million	$2.4 million
Suspended driver's licences	589	751
Reinstated driver's licences	399	517
Repayments processed	12,578	12,855
Debtors making payments	1,516	1,669
Active accounts receivable	2,021	2,395

5. Dispute Resolution and Complaint Services

Today's consumers expect ready access to effective options for addressing complaints and resolving disputes. FSCO's highly regarded Dispute Resolution Services respond to this need regarding automobile accident benefits. As well, the Office of the Insurance Ombudsman investigates unresolved complaints about insurance matters and serves as a single window for complaints to FSCO involving the regulated sectors. (See the Report of the Office of the Insurance Ombudsman on pages 29-34 of this annual report.)

Resolving Accident Benefits Disputes

FSCO's Dispute Resolution Services were established in 1990 as an integral part of the no-fault automobile insurance system. A full range of options for resolving disputes about statutory accident benefits is provided - including mediation, arbitration, neutral evaluation, appeal and variation/revocation.

The first step in the process is mediation, which is mandatory. No one can take a dispute to arbitration or to court without first participating in mediation at FSCO.

Disputes that are not resolved at mediation can go to court, private arbitration or arbitration at FSCO. Only the insured person can choose FSCO arbitration.

Decisions of FSCO arbitrators can be appealed by either party to the Director of Arbitrations on a question of law. There is no further appeal from a decision of the Director or his/her delegate, although judicial review may be available. As well, a variation/revocation process is in place to deal with situations where the insured person's condition has changed significantly since the original decision, new evidence has become available, or there is an error in the order.

Applications Up

Activity in both mediation and arbitration increased in 2001-2002. Mediation applications rose about 12 per cent over the previous year, but mediators' file-handling time and settlement rates were stable. Arbitration applications increased by 11 per cent, but cases settled during the arbitration stage - particularly up to the pre-hearing - also rose significantly. The median time to issue an arbitration decision with reasons declined to 49 calendar days. The appeals office received 51 appeals and closed 49 files during the year.

The Dispute Resolution Practice Code is designed to guide parties through the dispute resolution process by explaining what is required at each stage. The fourth edition was introduced in May 2001 and is posted on the FSCO website. The web version includes printable forms. The Practice Code may also be purchased through Publications Ontario.

FSCO continues to receive valuable feedback on the Dispute Resolution (DR) system through the Counsel Forum, which brings together lawyers handling DR cases, and the Companies Forum, which includes insurance company claims specialists.

Court Cases

Over the past decade, Dispute Resolution Services have produced a respected body of arbitration and appeal decisions. In several rulings, Justices of the Superior Court of Justice and the Court of Appeal for Ontario have referred favourably to the reasoning in these cases.

In 2001-2002, the Divisional Court heard a judicial review application from a mediator's decision that, due to the conduct of the insured person and her representative, no mediation had taken place. The Court upheld the principle stated in the Practice

Code that all parties must participate in mediation in good faith.

In the only other judicial review heard and determined during the year, the Court considered the scope of appeals from arbitration decisions. It held that the appeal adjudicator had gone too far in reviewing the factual findings of the arbitrator. As a result, the arbitration decision was restored.

FSCO: Dispute Resolution Services Activities

Measure	*2001-2002*	*2000-2001*
Mediation		
New applications received	12,897	11,325
Cases closed	12,534	11,267
Settlement rate – full	50%	51%
Settlement rate – partial	17%	20%
Arbitration		
New applications received	1,637	1,474
Cases closed	1,440	1,307
Settled	1,223	1,088
Decisions issued*	138	133
Appeals		
New applications received	51	60
Cases closed	49	65
Settled	6	12
Decisions issued	29	34

* The method for counting arbitration decisions issued has changed from previous Annual Reports, in order to provide more complete performance information. In the past, only decisions that closed files were recorded. This year, decisions issued as a result of preliminary issue hearings, motion hearings or expense hearings are also included. Arbitration decisions shown as 91 in the 2000-01 annual report were restated to reflect the new methodology.

6. Policy Development

FSCO plays a dual policy development role. First, FSCO makes recommendations to the Minister of Finance for changes to the legislation FSCO administers. Second, FSCO develops regulatory policy to guide the ongoing administration of the legislation in its mandate. Moreover, FSCO not only develops policy concerning Ontario's financial services sectors, but also works with other regulators to harmonize policy across other sectors and jurisdictions.

These policy functions require FSCO to continually assess marketplace trends as well as its own responses. Consultation with FSCO's stakeholders – ranging from financial services providers and consumers, to pension plan administrators, beneficiaries, advisors and consultants, to lawyers and health care professionals – is invaluable. Stakeholder feedback assists FSCO to identify and respond effectively to emerging issues, and to recommend appropriate policy solutions.

7. Consumer Protection through Education

In today's financial services marketplace, consumer education is an important aspect of consumer protection. Informed consumers are better able to evaluate a range of products and choose those that best fit their needs. As part of fulfilling its consumer protection mandate, FSCO deploys a range of communications tools to educate consumers to make informed choices.

Many consumers now access consumer information through FSCO's website at: www.fsco.gov.on.ca. The site includes online consumer brochures, bulletins, listings of licensed financial services practitioners, reports on enforcement actions and the Dispute Resolution Practice Code.

FSCO's produces several consumer publications, *including:* FSCO- Somewhere to Turn, Your Pension Rights, Shopping for Car Insurance, Shopping for Travel Health Insurance, Dispute Resolution- A Real Alternative, and The Insurance Ombudsman- Working for You. These brochures are available both electronically and in print. In order to facilitate consumer awareness, distribution of FSCO publications was broadened during 2001-2002 to include driver licensing offices, LCBO stores, driving schools and libraries.

FSCO also arranges for consumer articles to be distributed to Ontario community newspapers and local radio and television stations. In addition to providing helpful information to consumers, this coverage also generates direct requests for FSCO's brochures. As well, FSCO issues frequent news releases and consumer alerts to keep the public informed. For example, during 2001-2002, consumer alerts were issued about the risks of pension unlocking scams.

8. Maximizing Effectiveness of FSCO's Resources

FSCO is accountable to its stakeholders for the efficiency and quality of the services it delivers. To provide value for the dollars it has been allocated, FSCO endeavors to make the most of its human, financial and technological resources.

Preparing Future Leaders

FSCO's staff development program, FSCO FUTURES, completed its third year of nurturing tomorrow's leaders. Twenty-eight employees participated in one of four teams to gain leadership experience through corporate projects. One team developed recommendations for implementing an informal staff recognition program at FSCO. A second team proposed a framework to realize FSCO's values. A

third team developed ideas for establishing a FSCO knowledge bank to help staff share work-related skills and knowledge. And a fourth team continued the "Lunch and Learn Program" and also organized the training program for the FUTURES teams.

Business Process Reviews

Through business process reviews, FSCO improves operations by analyzing and modifying service delivery processes. Reviews are conducted by a specialized Business Process Review Branch, working with business areas.

A key example in 2001-2002 was the development of Project Reporting Online, a database that tracks and links all FSCO policy and program projects. Other business process review projects during the year were the Internet licensing system for insurance agents and the Pension Plan Facility information system that supports FSCO's pension activities.

A Commitment to Quality Service

FSCO is committed to providing quality service in performing its regulatory activities and has established a Quality Service (QS) program, in line with a government-wide initiative to make the Ontario Public Service a more customer-focused organization. FSCO participates in the Ministry of Finance Quality Service Council and has an internal Quality Service Committee that brings together representatives from each branch to champion quality service initiatives. For example, through staff education, the QS program promotes adherence to the Ministry's common standards for telephone service and correspondence.

FSCO has issued a statement outlining quality service commitments for the conduct of the examination function. FSCO has pledged to deliver impartial, objective, efficient and effective services through examiners demonstrating honesty and integrity, knowledge and good judgement and other professional values.

Meeting FSCO's Strategic Objectives

Legislation dictates that FSCO create an annual statement setting out its proposed priorities. This statement must be delivered to the Minister of Finance and published by June 30. In June of 2001, FSCO released its fourth Statement of Priorities, outlining four strategic priorities for the year ahead:

- **provide a fair and balanced regulatory approach;**
- **be a leader in financial services regulation in Canada;**
- **promote and vigorously enforce compliance; and**
- **deliver a high standard of customer service.**

The following section reports on FSCO's progress in reaching these goals in 2001-2002.

A Fair and Balanced Regulatory Approach

To sustain public confidence in the regulated sectors, FSCO pursues a fair and balanced regulatory approach – one that strengthens consumer protection while supporting a healthy, competitive industry.

Enhancing the Regulatory Framework

A balanced approach underlies FSCO's recommendations to the government for legislative and policy changes to enhance the regulatory framework.

With the help of the Mortgage Broker Advisory Committee, FSCO conducted a review of the *Mortgage Brokers Act* to improve the *Act's* effectiveness and administration. The Superintendent of Financial Services submitted recommendations for changes to the Minister of Finance in September 2001, as required by the *Red Tape Reduction Act, 1999*.

The Ministry of Finance is reviewing automobile insurance legislation and regulations. FSCO assisted the Ministry to develop a consultation paper released in September 2001, and then helped analyze submissions and met with stakeholders. The government has indicated its intention to introduce reforms to improve the automobile insurance system for consumers and other participants.

In Summer 2001, FSCO proposed a regulatory system for viatical settlement business in Ontario. Typically, viatical settlements allow a life insurance policyholder facing shortened life expectancy to sell the policy to a third party at a rate discounted from its face value. In Fall 2001, FSCO conducted consultations with stakeholders and received valuable feedback as part of the ongoing consultation process. The regulatory regime will be implemented when the government proclaims legislative amendments and approves regulations.

In December 2001, amendments were made to Ontario Regulation 132/97 under the *Insurance Act* to reflect changes to the Canadian Life and Health Insurance Association's Guidelines on Individual Variable Insurance Contracts Relating to Segregated Funds and to impose a number of requirements based on those guidelines, effective January 2002. Other insurance regulators across Canada also adopted the new guidelines, which focus on promoting consistency with mutual fund products.

In July 2001, the Ministry of Finance released a consultation paper on Surplus Distribution from Defined Benefit Plans. FSCO provided advice as the Ministry developed the paper. The government extended the existing Surplus Regulation under the *Pension Benefits Act* to December 31, 2002, to allow time to review submissions and develop reforms. FSCO will work with the Ministry on any legislative and regulatory changes required.

Amendments proposed by FSCO to permit flexible pension plans were included in the draft FSCO-OSC merger legislation. Flexible pension plans allow members to purchase ancillary benefits through optional tax-deductible contributions. FSCO also began work on regulatory amendments that would be required if the legislation is enacted.

FSCO gathered suggestions for changes to the financial information reporting requirements for pension plans from the Pension Accounting and Assurance Advisory Committee and other sources. Further consultation will be undertaken as FSCO develops recommendations.

Making Processes More Efficient and Effective

A balanced approach also underpins FSCO's commitment to improve the efficiency and effectiveness of regulatory processes.

During the year, FSCO continued to work with the federal Office of the Superintendent of Financial Institutions (OSFI) to reduce duplication of regulatory effort. OSFI and FSCO reached an agreement to alternate examinations of Credit Union Central of Ontario, and rely on each other's work in alternate years.

FSCO released a new standardized wind up report for defined contribution pension plans, developed in conjunction with the Canadian Life and Health Insurance Association. FSCO also established criteria for an expedited process to review the wind ups of defined contribution plans. The aim is to speed the release of member entitlements on plan wind up.

Fair Assessments and Fees

FSCO remains committed to achieving full cost recovery and to apportioning its costs fairly among the regulated sectors while reflecting a user-pay principle. In 2001-2002, FSCO refined its cost recovery program for the credit unions/caisses populaires sector to distribute the total sector assessment more equitably among the affected institutions. This was done in response to feedback from stakeholders in the sector.

Sustaining a Stable Auto Insurance System

During the year, FSCO continued to work with automobile insurance stakeholders to maintain a fair and stable system through such steps as:

- **meeting with insurers to discuss ways to reduce fraud in the accident benefit system and, based on this input, developing proposals for improved fraud control measures;**
- **authorizing the use of a standardized paper billing form for health care providers to invoice automobile insurers directly for medical and rehabilitation services; and**
- **conducting an evaluation of medical and rehabilitation DACs that pointed to the need for a stronger focus on quality issues and cost-effectiveness.**

The CLEAR (Canadian Loss Experience Automobile Rating) system is a cornerstone of the industry's vehicle rating process. CLEAR groups cars by their actual claims experience so rates can be accurately aligned with risks. FSCO reviewed and approved proposals to update the CLEAR methodology. FSCO also added conditions in the rate filing process to ensure that rates and risk classifications continued to satisfy requirements under the *Insurance Act*.

The auto insurance statistical plans support fair rates and classification systems. FSCO intends to work with stakeholders to bring about changes to the

plans. One objective is to capture more detailed data by territory to assist in determining rates by territory. Another aim is to capture more relevant data on medical, rehabilitation and other accident benefits costs. FSCO staff prepared discussion papers on these subjects for consultation with the industry in 2002-2003.

After receiving updated valuations of MVACF's liabilities, FSCO developed options for ensuring stable long-term funding for MVACF. The aim is to see that the fund continues to meet its consumer protection mandate.

Leadership in Financial Services Regulation in Canada

FSCO continues to work with other Canadian regulators in co-ordinating regulation of the financial services industry at the national level. FSCO provides leadership and support for the development of harmonized regulatory solutions through participation in the Joint Forum of Financial Market Regulators, the Canadian Association of Pension Supervisory Authorities (CAPSA) and the Canadian Council of Insurance Regulators (CCIR).

Joint Forum Initiatives

CAPSA, CCIR and the Canadian Securities Administrators (CSA) established the Joint Forum in 1999. The Canadian Insurance Services Regulatory Organizations (CISRO) and the Bureau des services financiers (BSF) also participate in meetings and projects. Through the Joint Forum, all of these organizations work together toward the vision, as set out in the Joint Forum's first strategic plan – for the period 2002-2005 – of a co-ordinated, harmonized and simplified financial services regulatory system in Canada.

Early in 2001, the Joint Forum established the Joint Forum Task Force on Consumer Dispute Resolution. With participation from the private and public sectors, including the federal government, the Task Force had a mandate to design an integrated, one-stop mechanism that would make available to all financial services consumers in Canada the same high level of service in resolving disputes with financial services providers. As a result of the Task Force initiative, a group of industry associations (the Canadian Bankers Association, the Canadian Life and Health Insurance Association, the Investment Dealers Association of Canada, the Insurance Bureau of Canada and the Investment Funds Institute of Canada) announced their agreement to create the Financial Services OmbudsNetwork (FSON) in December 2001. This service will provide more than 95 per cent of Canada's financial services consumers with single-window access to recourse if they have concerns or complaints. The FSON will be launched by the end of 2002.

The Joint Forum has also engaged in a multi-year project to ensure that the respective regimes of regulation for segregated funds and mutual funds are harmonized to the extent possible, and give similar protection to investors in these different yet functionally similar products. In 2001-2002, efforts focused on the development of a new approach to point-of-sale disclosure requirements for segregated funds and mutual funds.

On another front, the Joint Forum has been examining the adequacy of the investment disclosure provided to members of capital accumulation plans (for example, defined contribution pension plans, group registered retirement savings plans, deferred profit-sharing plans and employee profit-sharing plans). Such plans are typically offered by employers to employees for the primary purpose of accumulating retirement savings and require employees to make investment choices. As a result of

this examination, the Joint Forum released a discussion paper on Proposed Regulatory Principles for Capital Accumulation Plans in April 2001.

A further area of importance to the Joint Forum is the harmonization of intermediary proficiency and licensing requirements. The first major project in this area has involved the development of draft Principles and Practices for the Sale of Products and Services in the Financial Sector.

CAPSA Initiatives

In an effort to find lasting solutions regarding the regulation of multi-jurisdictional pension plans, CAPSA has developed proposed principles for a model pension law and plans to hold wide-ranging consultations in the coming year. Once drafted, the model law would serve as a model for federal and provincial governments to consider when they are making amendments to their pension legislation. As a short-term response to the issue of multi-jurisdictional plans, CAPSA has established a committee to develop an updated reciprocal agreement for consideration by the appropriate authorities across Canada.

A draft CAPSA Pension Plan Governance Guideline and Implementation was released for consultation in May 2001. Based on the comments received in response to the consultation paper, the guidelines have been revised and will be presented to CAPSA for approval, together with a proposal to establish an industry task force to assist in the development of a revised implementation tool.

CAPSA established an Investment Policy Committee as a standing committee to develop a co-ordinated approach to investment policy issues for those jurisdictions that have adopted the federal investment rules. As Ontario has adopted the federal rules, FSCO is playing an active role in the Committee. An Investment Advisory Group has also been established to provide confidential advice and recommendations on proposed changes to the federal investment rules and associated policies and guidelines, as they are developed by the Committee.

In February 2002, CAPSA released guidelines for electronic communication in the pension industry. The guidelines were finalized based on comments received in a public consultation that began in May 2001. The guidelines are intended to help pension plan administrators and plan members apply the provisions of electronic commerce legislation to communications required under the *Pension Benefits Act*.

CCIR Initiatives

In September 2001, CCIR and the Canadian Insurance Services Regulatory Organizations approved a new national, harmonized model for life agent licence qualification. FSCO, the Alberta Insurance Council and the Insurance Council of British Columbia played major roles in developing the new program, which will standardize educational requirements for new agents in all provinces except Quebec. The new model includes a new curriculum and a new examination, and moves from the existing multi-step licensing process in most jurisdictions to a one-step licence. Optional equivalency was implemented in June 2002. During this stage, entrants to the life industry have the option of applying either for a licence under the new system or under the existing system. Provinces are moving towards mandatory implementation in 2003.

In March 2002, FSCO supported implementation of nationally accepted, flexible and fewer classes of insurance, as well as a streamlined approval process for adding new products. CCIR worked with the industry to harmonize the classes of insurance, which originally numbered over 50 and through this

effort were reduced to 16 in most jurisdictions. Implementation by regulators, including FSCO, will take place over the next three years.

As well, FSCO continued to take part in a CCIR project to develop a revised set of minimum capital test (MCT) requirements for property and casualty insurers. CCIR endorsed the MCT proposal. Government approval is required for implementation in Ontario.

FSCO also participated in the ongoing CCIR E-Commerce Committee to improve consumer protection when purchasing insurance in an electronic environment. The Committee distributed a survey to Canadian insurers to assess the current and future use of electronic commerce. The results will direct the future work of the Committee.

Promoting and Vigorously Enforcing Compliance

FSCO is committed to ensuring that the regulated sectors conduct business in accordance with legislation. A high rate of compliance protects consumers and pension plan beneficiaries, preserves a level playing field across the industry and reduces the need for regulatory intervention.

Risk-Based Pension Supervision

In the pension sector, FSCO is shifting toward a risk-based approach that concentrates resources on pension plans requiring closer supervision. A database and risk selection system for monitoring the funding of defined benefit pension plans - the Actuarial Information Summary (AIS) system - has been developed and implemented. This computerized system enhances FSCO's capabilities in regulating pension plans by giving early warning of possible problems, further protecting the interests of plan beneficiaries.

Highlights of risk-based monitoring from July 1, 2000, when filing of the AIS became mandatory, to March 31, 2002 are the following:

- approximately 93 per cent of actuarial reports received were entered and screened through the system;
- FSCO took regulatory action on approximately 220 plans where material compliance concerns were revealed; and
- FSCO uncovered a total of $22 million in unpaid contributions in respect of 41 plans, which has since been remitted by the plan sponsors to the plans.

Building on the success of the risk-based supervision of pension plan funding, FSCO intends to expand the risk-based approach to other areas of pension supervision. The overall objective is to make the regulatory process more efficient and effective, thereby reinforcing the protection of pension plan beneficiaries.

Advancing Pension Plan Compliance

Up-to-date pension policies promote compliance by assisting the industry to understand its obligations. All but eight of the 342 policies FSCO inherited from the former Pension Commission of Ontario have now been fully updated. Work on three of the remaining policies has been deferred pending legislative and other developments. Some of the revised policies are being updated again to reflect more recent changes, and new policies are being developed to address current needs.

FSCO continued to take aggressive enforcement action in the pension area, leading to several successful prosecutions for non-compliance with filing requirements. As well, the first examinations were conducted under a pilot examination project for pension plans. FSCO is reviewing the pilot project and is considering examining a selection of plans each year as an ongoing aspect of pension regulation.

Focus on Insurer Market Conduct

FSCO completed the 2001 Market Conduct Audit for life and health insurers, developed in close collaboration with the industry and endorsed by CCIR. The review process has two steps: completion of a self-assessment questionnaire by insurers, followed by on-site audits by the regulator. The process measures compliance with regulatory requirements and industry guidelines in such areas as complaints-handling, claims-handling and agent screening, monitoring and reporting.

Delivering a High Standard of Customer Service

FSCO strives to deliver a high standard of customer service to consumers, businesses and other stakeholders. Like the Ontario Government as a whole, FSCO is determined to provide customer-centred, quality service.

Pension Stakeholder Service Improved

The migration of two pension computer systems to a single platform – the Pension Plans Facility (PPF) – was completed in 2001-2002. The PPF provides a stable platform for the central plans database and the workflow tracking system, supporting better reporting and more efficient processing. The integrated system enables pension officers to determine priorities and manage workloads accordingly, and gives them the tools to respond to inquiries from plan members or administrators more quickly.

Moving to E-Business

FSCO is accelerating the move to e-business and electronic service delivery to facilitate information exchange, expedite transactions and reduce paperwork.

FSCO is the first insurance regulator in Canada to offer on-line licence renewal. Introduced in May 2001, FSCO's Internet Application System enabled Ontario's 26,000 life insurance agents to renew their Level II agent licences, or upgrade from a Level I to a Level II licence, over the Internet 24 hours a day, seven days a week, in just minutes.

During 2001-2002, FSCO worked with a stakeholder committee to design and build the second phase of the Internet Application System, for launch in July 2002. The goal is to allow new life, general and accident and sickness agents to apply for their first licence online, and also to enable companies to sponsor, transfer or terminate agents through the Internet.

In the auto insurance area, an Internet-based electronic filing system for rate applications, underwriting rules, rate manuals and forms was under development in 2001-2002. Ten participating individuals representing 20 companies assisted FSCO by submitting "test" filings electronically. The plan is to launch the Automated Rates and Classifications Technical Information Communication System (ARCTICS) in 2002-2003, following a further pilot with the stakeholder group using actual filings.

A web-based Dispute Resolution Case Directory helps insurers keep track of their active cases in FSCO's dispute resolution system. During the year, a significant number of companies used this password-protected tool, which provides them with up-to-date information on the status of their active mediation, arbitration and appeal files.

Report of the Office of the Insurance Ombudsman

The Office of the Insurance Ombudsman (OIO) was established by legislation in November 1996 to improve consumer protection and increase public confidence in the insurance industry. The Office oversees the market conduct of insurance companies and provides complaint services for FSCO's regulated sectors.

Complaint Services

The OIO is the last step in Ontario's Industry-First Response System for the informal review of consumer complaints about insurance company products or business practices. Before calling on the services of the OIO, consumers must first attempt to resolve their complaints directly with their companies. In addition to handling complaints involving insurers, the Office reviews and responds to reports of misconduct by insurance agents and adjusters.

To improve access to consumer remedies, the OIO also acts as the single-window entry point for all complaints about the other sectors FSCO regulates – including credit unions and caisses populaires, loan and trust companies, co-operatives, mortgage brokers and pension plans.

Insurance Complaint Activity

In 2001-2002, the OIO received 7,571 telephone inquiries and 906 written complaints about insurers' products or business practices. Continuing the trend from the previous year, inquiries increased while complaints remained stable.

Office of the Insurance Ombudsman: Inquiries, Complaints and Reviews Involving Insurance Companies

Type	*2001-2002*	*2000-2001*
Inquiries	7,571	5,683
Complaints	906	1,087
Total	8,477	6,770
Reviews		
Started	274	275
Closed	264	294

Office of the Insurance Ombudsman: Review Results 2001-2002

Disposition	*Files*	*Proportion*
Business Practices Acceptable	215	81%
Office of Ombudsman Recommendations Made (Insurers Position Changed)	44 (44)	17%
Complaint Withdrawn	3	1%
Issue in Litigation	2	1%

If a review is undertaken, the OIO applies a variety of conflict resolution tools – such as fact-finding, analysis and negotiation. In 17 per cent of the 264 reviews closed in 2001-2002, the OIO identified concerns about a company's business practices and made recommendations for change. The companies accepted the recommendations and implemented them or decisions flowing from them. Here are some examples:

- A company denied a consumer's claim on the grounds of policy cancellation for non-payment. The review found that the insurer's computer system had been set up to suspend policies as of the premium due date rather than the end of the grace period, during which the policy is still in force. The company noted the system error and is having it corrected. The company reimbursed the consumer for the claims payable during the grace period, and offered apologies.

- In two cases, consumer complaints resulted from administrative errors in the handling of claims under group disability plans. In both cases, the group policyholder was the plan administrator. The OIO determined that the insurance companies did not have sufficient procedures for communicating information and support to the administrators. The insurers accepted the OIO's recommendations to provide better direction, training and support to policyholder administrators.

In responding to complaints and reports of misconduct by insurance agents, the OIO found grounds to recommend regulatory action in 78, or half, of the 156 cases closed in 2001-2002. These figures were similar to the previous year's totals.

Other Sector Complaint Activity

In addition to responding to insurance complaints, the OIO receives, co-ordinates and tracks complaints involving credit unions and caisses populaires, loan and trust companies, co-operatives, mortgage brokers and pension plans. A centralized approach provides easy access to FSCO's complaint services provided by the various branches and divisions.

Complaints Involving Non-Insurance Sectors 2001-2002

Sector	*Complaints*	*Proportion*
Pension	39	69%
Mortgage Brokers	11	19%
Credit Unions	3	5%
Loan & Trust	3	5%
Co-operatives	1	2%
Totals	57	100%

Insurance Market Conduct Oversight

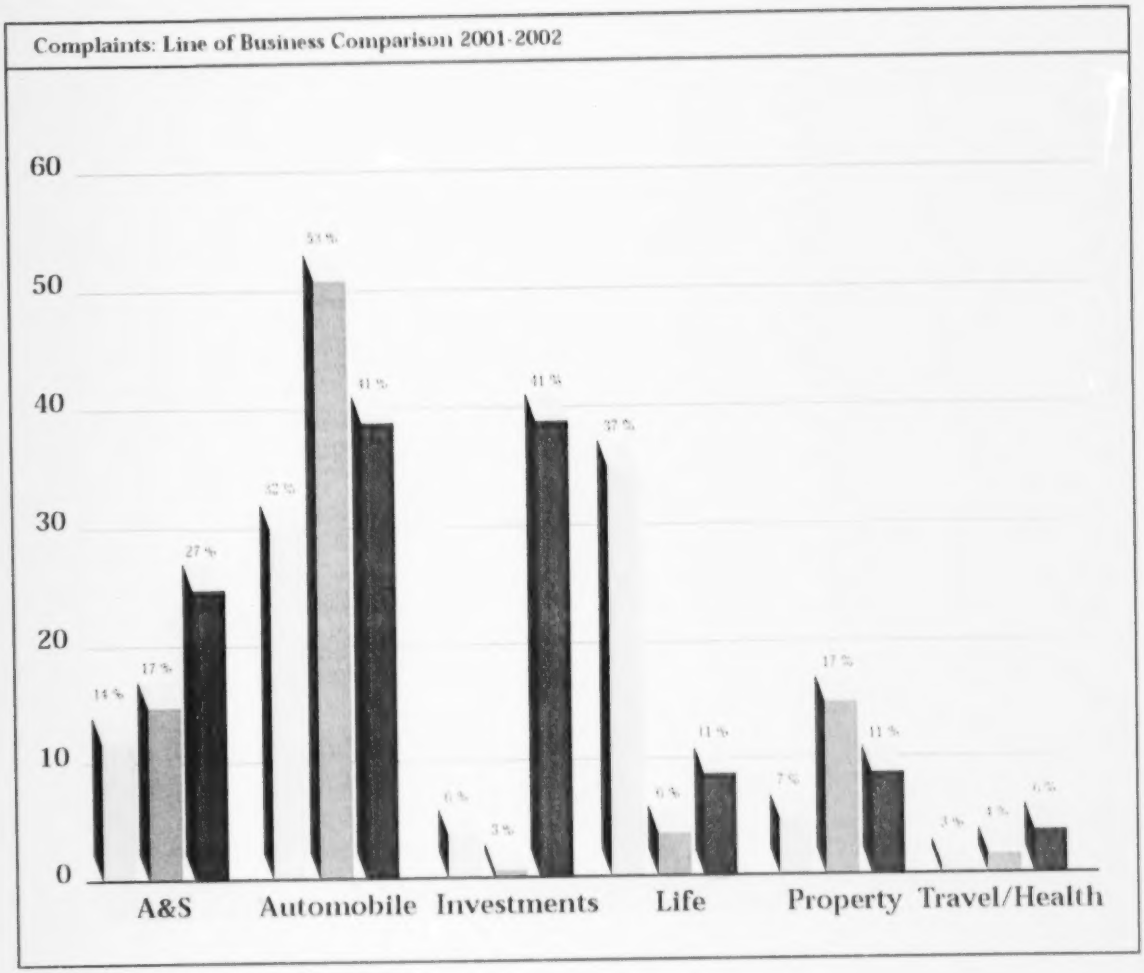
Under Ontario's Industry-First Response System, primary responsibility for complaint-handling rests with insurance companies. To make this system work, companies establish a protocol or internal procedures for handling consumer complaints, and appoint a company Ombudsman Liaison Officer (OLO) to oversee the protocol and liaise with the Ombudsman's Office. Complainants must be informed of the company's final position in writing, and told about the OIO if the matter is unresolved. The OIO monitors companies' compliance with obligations under the Industry-First Response System.

Complaint Data System in Full Swing

In January 2001, companies began reporting quarterly data to the OIO on the number and nature of complaints they receive. In fiscal year 2001-2002, companies reported receiving 7,604 complaints.

Complaint trending is a recognized tool employed by financial services regulators worldwide to support consumer protection. Many insurance regulators, particularly in the United States, use the data to create monitoring programs that screen for existing or potential market conduct, compliance or solvency problems with individual companies or the industry as a whole. As with any data system, the reliability and integrity of the data is assured through the use and application of uniform codes including a common definition of what constitutes a complaint.

The profile of complaints received by Ontario insurance companies differs significantly from the profile of insurance complaints received by the Ombudsman's Office. Complaints about life insurance account for the highest proportion of company-received complaints at 37 per cent of the total, followed closely by automobile insurance at 32 per cent. By contrast, about half of complaints received by the Ombudsman's Office concern auto insurance, while life insurance complaints rank fourth by line of business at six per cent.



Co.: Complaints received by companies
OIO C: Complaints received by Office of Insurance Ombudsman with company protocol complete
OIO PI: Complaints received by Office of Insurance Ombudsman but company protocol incomplete

The Ombudsman's Office conducted an initial analysis of the complaint data and surveyed 104 companies based on the preliminary findings. The review focused on compliance with the data reporting requirement and the application of the complaint definitions and codes. An action plan was developed – including new reporting guidelines – to improve the data collection process.

Company Complaint-Handling Standards

During the year, the Office worked with a group of company OLO representatives to draft industry-wide standards for company complaint handling processes. The aim is to increase the reliability and effectiveness of Ontario's Industry-First Response System. The standards reflect best practices and include guidelines for timeliness and fairness in complaint-handling. Implementation of the standards will be considered once the national Financial Services OmbudsNetwork announced in December 2001 is more fully developed.

Systemic Reviews

In addition to responding to consumer complaints, the OIO also reviews wider business practices in the industry as part of its market conduct oversight function. Seven of these systemic reviews were completed in 2001-2002.

For example, a life insurance company's website contained inaccurate information about another insurer's product, as well as incomplete information on the qualifications for non-smoking rates. After reviewing the website, the OIO contacted the insurance company, which made appropriate changes.

The Office was also asked to review two proposed marketing programs to determine if they contravened the prohibition against offering something of extra value to induce a person to purchase insurance. No contraventions were found.

Claimant Satisfaction Survey Broadened

Both consumers and the industry benefit from the annual Claims Satisfaction Survey of auto insurance claimants. The results give consumers information on the quality of claims service as a basis for comparison shopping, and provide companies with a benchmark for assessing their claims-handling activities. The survey findings are distributed with FSCO's Shopping for Car Insurance guide and are also available on the FSCO website.

Car insurance consumers in Ontario continue to enjoy a high level of satisfaction with the way their claims are handled by insurers. The results of the 2001 survey show that 85 per cent of Ontario consumers are either very satisfied or somewhat satisfied with the service offered by their insurance company.

During 2001-2002, the Ombudsman's Office assembled a working group with representatives from the industry and FSCO staff to develop additional questions for the 2002 survey. The new questions will evaluate the timelines for the claims-handling process, as well as the helpfulness, expertise and fairness of company representatives and their ability to keep the claimant informed. These additional questions are designed to provide consumers with more information in making purchasing decisions.

Links with Consumers and Industry

In July 2001, FSCO announced the formation of a Consumer Advisory Committee to serve as its principal consultation vehicle with consumers. The Committee's mandate is to provide advice from the consumer's perspective on matters affecting the regulated sectors. Members include representatives of the Consumers Council of Canada, the Consumers' Association of Canada and Canada's Association for the Fifty-Plus - as well as a public representative from the Registered Insurance Brokers of Ontario and academics. The Insurance Ombudsman meets with the committee twice a year.

In 2001-2002, the Committee reviewed such initiatives as the proposed viatical settlement regulatory regime, company complaint-handling standards, the Claims Satisfaction Survey and FSCO's Statement of Priorities. The Committee highlighted the need to work on activities to improve financial literacy among consumers.

In June 2001, the Office of the Insurance Ombudsman held a series of meetings with company OLOs to provide updates on regulatory initiatives and marketplace issues. The sessions also gave the OLOs an opportunity to discuss common issues and challenges arising from their complaint oversight roles.

Report of the Financial Services Tribunal

The Financial Services Tribunal (FST) is an independent adjudicative body that hears appeals or reviews of regulatory decisions or proposed decisions of the Superintendent of Financial Services. These proceedings are conducted at the request of affected parties.

The FST is comprised of the Chair and two Vice-Chairs (who are also the Chair and Vice-Chairs of FSCO) and up to 12 additional members, all appointed by the Lieutenant Governor in Council. Biographical sketches of current FST members may be found on FSCO's website at: www.fsco.gov.on.ca.

The Tribunal is committed to providing an expert, impartial hearing process that is accessible, prompt and fair. Its proceedings are guided by its own Rules of Practice and Procedure, Practice Directions and also by the *Statutory Powers Procedure Act*. The FST has exclusive jurisdiction to determine all questions of fact or law that arise in any proceeding before it.

A Legal Advisory Committee has been created to advise the FST on the adjudication process. With the Committee's help, the FST is conducting an ongoing review of its Rules of Practice and Procedure. The FST continues to develop and review performance standards and measures to improve quality and efficiency in the hearing and decision-making process. The FST's hearing schedule and decisions are posted online for the convenience of hearing participants.

The FST has streamlined procedures for responding to requests for hearings on decisions of the Superintendent regarding access to locked-in funds in cases of financial hardship. It is a priority to ensure that these requests for hearings are dealt with quickly and decisions issued promptly.

During the year, the FST undertook a review of its conflict of interest guidelines.

Financial Services Tribunal Activities 2001-2002

Activity	*Pension Matters (Excluding Financial Hardship)*	*Pension Matters (Financial Hardship Only)*	*Mortgage Brokers Matters*	*Insurance Matters*	*Total*
Number of new cases received	19	10	1	1	31
Number of hearings days*	15	**	26	3	44
Number of Hearing Activities – includes: adjournments, pre hearing conferences, telephone conferences, settlement conferences and motion hearings*	49	3	1	4	57
Total hearing related days* **	**64**	**3**	**27**	**7**	**101**
Files closed*	5	10	2	7	19

* Numbers may reflect files prior to 2001-2002 fiscal year.

** Hearings for financial hardship cases are conducted through the exchange of written documents only, unless the applicant requests to have the hearing conducted in a different manner.

*** Table does not include FST quarterly meetings, days for deliberation or decision writing.

Summary of Financial Services Tribunal Hearings – April 1, 2001–March 31, 2002

Hearing Name / Parties	Nature of Hearing	Relevant Dates – Date of Request for Hearing/Pre-Hearing Conference ("PHC")/ Hearing Dates	Result
FST File #P0013 **Pension Plan for Employees of Monsanto Canada Inc., Registration Number 341230** **Applicant:** Monsanto Canada Inc. **Respondent:** Superintendent of Financial Services; The Association of Canadian Pension Management (ACPM); A Group of Certain Terminated Monsanto Employees	***Pension Benefits Act*** Request for Hearing regarding Superintendent's Notice of Proposal to Refuse to Approve a Partial Wind Up Report dated November 30, 1998.	Request for Hearing: December 31, 1998. PHC: April 7, 1999. Jurisdictional Hearing: June 2, 1999. PHC: September 23, 1999. Hearing on the Merits: January 10 – 12, February 7 – 11, 2000.	Reasons for Decision rendered April 14, 2000. Notice of Appeal filed by the Superintendent of Financial Services on May 12, 2000, in Ontario Divisional Court. Court date: November 21, 22, 23, 2000. Decision rendered March 19, 2001. Notice of Motion for Leave to Appeal filed by Monsanto National Trust Company and the ACPM on April 3, 2001. Leave to Appeal granted June 28, 2001.
FST File #P0060-1999 **Ontario Teachers' Pension Plan (Ms. Anne Stairs), Registration Number 345785** **Applicant:** Ontario Teachers' Pension Plan Board **Respondent:** Superintendent of Financial Services; Ms. Anne Stairs	***Pension Benefits Act*** Request for hearing regarding Superintendent's Notice of Proposal dated May 6, 1999, to Order the Applicant to comply with section 51 and 48 (13) and pay to Ms. Anne Stairs amounts or benefits under a domestic contract.	Request for Hearing: June 16, 1999. PHC: July 21, 1999; August 31, 1999. Hearing: March 27, 2000.	Reasons for Decision dated May 31, 2000. Notice of Appeal dated June 30, 2000, filed with Divisional Court, Superior Court of Justice.

Hearing Name / Parties	Nature of Hearing	Relevant Dates – Date of Request for Hearing/Pre-Hearing Conference ("PHC")/ Hearing Dates	Result
FST File #M0073-1999 **Sussman Mortgage Funding Inc.** **Applicant:** Sussman Mortgage Funding Inc. **Respondent:** Superintendent of Financial Services	***Mortgage Brokers Act*** Request for hearing regarding Superintendent's Notice of Proposal to Revoke Registration dated August 24, 1999.	Request for Hearing – September 7, 1999. PHC – October 29, 1999; January 18, 2000; October 27, 2000. Settlement Conference – December 14, 1999 Motion on interim terms and conditions – November 11, 23 and 29, 1999 Hearing on the Merits – **2000** February 8 – 9, 2000; May 9, 2000; June 6 – 7, 2000 November 29 – 30, 2000; December 11, 14, 15, 2000 **2001** January 17 – 18, 23 – 24, 30 – 31, 2001; February 13 – 14, 2001; March 27, 29, 30, 2001; April 10 – 12, 18 – 20, 2001; July 24 – 27, 30 – 31, 2001; August 1 – 3, 2001; December 10, 2001 (applicant's final written submissions); December 17, 2001 (respondent's final written submissions).	Reasons for Order dated November 30, 2000 Decision reserved
FST File #P0092-1999 **The Employees Pension Plan of BICC Phillips Inc., Registration Number 293761** **Applicant:** BICC Cables Canada Inc. **Respondent:** Superintendent of Financial Services	***Pension Benefits Act*** Request for hearing regarding Superintendent's Notice of Proposal dated November 10, 1999, to Refuse to Approve Partial Wind Up Report	Request for Hearing – December 20, 1999. PHC – April 17, 2000; September 19, 2000 (telephone conference); October 10, 2000 (telephone conference). Hearing – October 12, 2000.	Reasons for Decision dated November 16, 2000 Notice of Appeal dated December 15, 2000, filed with Ontario Superior Court of Justice (Divisional Court). Appeal dismissed April 20, 2001. Divisional Court Reasons for Decision dated April 30, 2001

Hearing Name / Parties	Nature of Hearing	Relevant Dates -- Date of Request for Hearing/Pre-Hearing Conference ("PHC")/ Hearing Dates	Result
FST File #P0095-2000 **Retirement Plan of Dustbane Enterprises Limited, Registration Number 229419** **Applicant:** Dustbane Enterprises Limited; F.J. Wadden & Sons Limited; **Respondent:** Superintendent of Financial Services; Robinson Sanitation.	***Pension Benefits Act*** Request for hearing regarding Superintendent's Notice of Proposal dated December 21, 1999.	Request for Hearing – January 26, 2000 (Dustbane); February 9, 2000 (F.J. Wadden & Sons Limited). PHC – April 14, 2000; June 2, 2000; June 21, 2000. Settlement Conference July 10, 2000. Telephone Conference July 13, 2000. Hearing – October 3, 4, 5, 16, 2000.	Request for Hearing by F. J. Wadden withdrawn on April 4, 2000. Order dated July 18, 2000. Reasons for Decision dated February 15, 2001. Notice of Appeal filed by the Applicant in Ontario Divisional Court on April 3, 2001.
FST File #P0099-2000 **Brewers Retail Pension Plan for Bargaining Unit Employees, Registration Number 336081** **Applicant:** United Brewers Warehouse Workers; **Respondent:** Superintendent of Financial Services; Brewers Retail Inc. (Employer); UBWW/UFCW (Union)	***Pension Benefits Act*** Request for hearing regarding Superintendent's refusal to direct the Administrator to cease administering the Plan with an advisory committee.	Request for Hearing – February 25, 2000. PHC – May 17, 2000. Hearings – Notice Issue – November 16, 2000 (telephone conference). Notice Provision – March 7, 2001. Jurisdiction – September 28, 2001.	Reasons For Decision re: Notice Provision dated April 10, 2001. Oral decision rendered, written decision pending.

Hearing Name / Parties	Nature of Hearing	Relevant Dates – Date of Request for Hearing/Pre-Hearing Conference ("PHC")/ Hearing Dates	Result
FST File #P0100-2000 **London Life Insurance Company Staff Pension Plan, Registration Number 0343368** **Applicant:** London Life Insurance Company **Respondent:** Superintendent of Financial Services; Mr. Alex Murphy and other members of the London Life Members' Committee	***Pension Benefits Act*** Request for hearing regarding Superintendent's Notice of Proposal dated February 17, 2000, to Partially Wind Up the Plan.	Request for Hearing – March 6, 2000. PHC – April 28, 2000; July 11, 2000. Telephone Conference – July 19, 2000. Hearing on Motions – August 29, 2000. Hearing on Evidence – December 11 – 15, 2000. Hearing – Oral Argument – December 19 – 20, 2000.	Reasons for Order dated July 25, 2000. Reasons for Order dated September 18, 2000. Reasons for Decision dated February 7, 2001. Executive Members of the Members' Committee and Superintendent requested a review of Tribunal's decision. Disposition of Request for Review dated March 16, 2001 rendered. Revised Disposition of Request for Review dated April 18, 2001. Decision on Request for Costs dated June 6, 2001.
FST File #P0116-2000 **Ontario Public Service Pension Plan, Registration Number 208777 (Victor Burns)** **Applicant:** Ontario Pension Board **Respondent:** Superintendent of Financial Services; Mr. Victor Burns	***Pension Benefits Act*** Request for hearing regarding the Superintendent's Notice of Proposal dated July 12, 2000, respecting a request by Mr. Victor Burns.	Request for Hearing – August 1, 2000. PHC – November 23, 2000. Hearing – April 30, 2001 & May 1, 2001.	Reasons For Decision dated February 28, 2002.
FST File #P0120-2000 **David Horgan (Ontario Public Service Pension Plan), Registration Number 208777** **Applicant:** Mr. David Horgan **Respondent:** Superintendent of Financial Services; The Ontario Pension Board	***Pension Benefits Act*** Request for hearing regarding Superintendent's Notice of Proposal dated July 12, 2000 Refusing to Make an Order with respect to Mr. Horgan's claim relating to the Ontario Public Service Pension Plan, Reg. #208777.	Request for Hearing – August 14, 2000. PHC – November 23, 2000; February 13, 2001 (telephone conference); July 3, 2001 (telephone conference). Hearing – July 11, 2001.	Reasons dated August 1, 2001.

Hearing Name / Parties	Nature of Hearing	Relevant Dates – Date of Request for Hearing / Pre-Hearing Conference ("PHC") / Hearing Dates	Result
FST File #P0130 2000 **Imperial Oil Limited Retirement Plan (1988), Registration Number 347054 and the Imperial Oil Limited Retirement Plan for Former Employees of McColl-Frontenac Inc., Registration Number 344002** **Applicant:** Imperial Oil Limited **Respondent:** Superintendent of Financial Services	***Pension Benefits Act*** Request for Hearing regarding the Superintendent's Notice of Proposal dated October 3, 2000 to Refuse to Approve Partial Wind Up Reports.	Request for Hearing – October 31, 2000. PHC – June 19, 2001. Motion – July 25, 2001. PHC cont'd – December 20, 2001.	On going. Reasons for Order (from July 2001 motion) dated September 10, 2001.
FST File #M0134 2000 **VR Mortgages (894182 Ontario Limited)** **Respondent:** Superintendent of Financial Services	***Mortgage Brokers Act*** Request for a hearing regarding Superintendent's Notice of Proposal dated November 27, 2000, to Refuse Registration.	Request for Hearing – December 11, 2000. PHC – February 13, 2001 (telephone conference). Hearing – March 7, 2001.	Reasons dated July 5, 2001.
FST File #I0138 2000 **Jatinder S. Suri** **Applicant:** Jatinder S.Suri **Respondent:** Superintendent of Financial Services	***Insurance Act*** Notice of Appeal of Superintendent of Financial Services Revocation of Level II Life Insurance Agents Licence.	Notice of Appeal – December 20, 2000. February 5, 2001 (telephone conference). Request that Tribunal stays Superintendent's Order. PHC – March 7, 2001 (telephone conference). Hearing – May 8, 2001.	Reasons dated May 28, 2001. Request for stay denied.
FST File #U0141 2001 **Financial Hardship** **Respondent:** Superintendent of Financial Services	***Pension Benefits Act*** Request for Hearing regarding Application to the Superintendent of Financial Services for Consent to Withdraw Money based on Financial Hardship.	Request for Hearing – January 12, 2001. PHC – February 12, 2001 (telephone conference).	Reasons dated August 24, 2001.

Hearing Name / Parties	Nature of Hearing	Relevant Dates -- Date of Request for Hearing/Pre-Hearing Conference ("PHC")/ Hearing Dates	Result
FST File #P0147-2001 **Rupinder Anand (Ontario Public Service Pension Plan), Registration Number 1012046** **Applicant:** Rupinder Anand **Respondent:** Superintendent of Financial Services; Ontario Public Service Employees' Union Pension Trust	***Pension Benefits Act*** Request for Hearing regarding Superintendent's Notice of Proposal dated January 4, 2001, to Refuse to Make an Order with respect to Mr. Anand.	Request for Hearing - February 6, 2001. PHC - February 13, 2000; February 26, 2001; July 3, 2001 (telephone conference). Hearing - July 11, 2001.	Reasons dated August 1, 2001
FST File #U0148-2001 **Financial Hardship** **Respondent:** Superintendent of Financial Services	***Pension Benefits Act*** Request for Hearing regarding Application to the Superintendent of Financial Services for Consent to Withdraw Money based on Financial Hardship	Request for Hearing - February 8, 2001. PHC - March 6, 2001.	Abandoned June 7, 2001
FST File #P0150-2001 **Marshall-Barwick Inc., Retirement Plan for Salaried Employees of Marshall Steel Limited and Associated Companies, Registration Number 0968081** **Applicant:** Marshall Barwick Inc. **Respondent:** Superintendent of Financial Services; Jeffrey G. Marshall	***Pension Benefits Act*** Request for Hearing regarding the Superintendent's NOP dated December 12, 2000 Refusing to Approve Partial Wind Up Report.	Request for Hearing - January 16, 2001. PHC - August 13, 2001. Hearing - November 29 - 30, 2001 (adjourned).	On going.
FST File #I0151-2001 **Universal Settlements International Inc.** **Applicant:** Universal Settlements **Respondent:** Superintendent of Financial Services	***Insurance Act*** Request for Hearing regarding the Superintendent's Notice of Proposed Cease and Desist Order imposed upon Universal Settlements International Inc., Derek O'Brien and Tony Duscio.	Request for Hearing - March 12, 2001. PHC - June 20, 2001; August 2, 2001 (telephone conference). Hearing - October 29, 2001 (adjourned to); December 6, 2001.	Reasons for Decision dated January 14, 2002
FST File #U0152-2001 **Financial Hardship** **Respondent:** Superintendent of Financial Services	***Pension Benefits Act*** Request for Hearing regarding Application to the Superintendent of Financial Services for Consent to Withdraw Money based on Financial Hardship	Request for Hearing - March 7, 2001.	Reasons dated May 10, 2001.

Hearing Name / Parties	Nature of Hearing	Relevant Dates – Date of Request for Hearing/Pre-Hearing Conference ("PHC")/ Hearing Dates	Result
FST File #U0153/2001 **Financial Hardship** **Respondent:** Superintendent of Financial Services	***Pension Benefits Act*** Request for Hearing regarding Application to the Superintendent of Financial Services for Consent to Withdraw Money based on Financial Hardship	Request for Hearing March 7, 2001.	Reasons dated May 10, 2001.
FST File #P0154/2001 **Pension Plan for Employees of National Steel Car Limited ("Salaried Plan") and the Pension Plan for Hourly-Paid Employees of National Steel Car Limited (the "Hourly Plan"), Registration Numbers 0215020 & 0215038** **Applicant:** Salaried Employees of National Steel Car Limited **Respondent:** Superintendent of Financial Services; National Steel Car Limited; United Steelworkers of America, Local 7135	***Pension Benefits Act*** Request for Hearing regarding the Superintendent's consent to transfer all of the assets of Pension Plan for the Salaried Employees of National Steel Car Limited to the Pension Plan for Hourly Paid Employees of National Steel Car Limited	Request for Hearing March 14, 2001. PHC – June 21, 2001. Settlement Conference September 24, 2001. Motion October 10, 2001 (adjourned). Hearing January 15 – 17, 2002.	Decision reserved.
FST File #P0155/2001 **The Independent Order of Foresters Fieldworkers' Pension Plan, Registration Number 0354399** **Applicant:** The Independent Order of Foresters **Respondent:** Superintendent of Financial Services; Irvin Grainger	***Pension Benefits Act*** Request for Hearing regarding the Superintendent's Notice of Proposal dated March 19, 2001, to Refuse to Consent to Application and to Refuse to Approve Partial Wind Up Report.	Request for Hearing April 12, 2001. PHC – July 4, 2001; July 27, 2001 (telephone conference). Settlement Conference November 13, 2001. Motion December 7, 2001. PHC Resumption February 18, 2002.	On going. Decision on motion dated December 7, 2001, followed by written reasons dated January 8, 2002.
FST File #P0156/2001 **Cooper Industries (Canada) Inc. Retirement Plan for Salaried Employees of Cooper Canada Plan A, Registration Number 0240622** **Applicant:** Cooper Industries (Canada) Inc. **Respondent:** Superintendent of Financial Services; Ray Mills and Larry Battersby on behalf of the Port Hope Plan Member	***Pension Benefits Act*** Request for Hearing regarding the Superintendent's Notice of Proposal dated March 8, 2001, to Refuse to Approve Partial Wind Up Report and to Make an Ord. under section 87 of the Act.	Request for Hearing April 17, 2001. PHC – September 5, 2001.	On going.

Hearing Name / Parties	Nature of Hearing	Relevant Dates – Date of Request for Hearing/Pre-Hearing Conference ("PHC")/ Hearing Dates	Result
FST File #P0157.2001 **Dyment Limited Pension Plan for Employees of Dyment Limited, Plan Registration Number 0242735** **Applicant:** Dyment Limited **Respondent:** Superintendent of Financial Services; Mobeen Khaji	***Pension Benefits Act*** Request for Hearing regarding the Superintendent's Notice of Proposal dated March 19, 2001, to Refuse to Approve Partial Wind Up Report.	Request for Hearing – April 20, 2001. PHC – July 13, 2001. Hearing – January 24 – 25, 2002 (adjourned).	On going.
FST File #U0158.2001 **Financial Hardship** **Respondent:** Superintendent of Financial Services	***Pension Benefits Act*** Request for Hearing regarding Application to the Superintendent of Financial Services for Consent to Withdraw Money based on Financial Hardship.	Request for Hearing – May 3, 2001.	Applicant deceased.
FST File #P0160.2001 **Camco Inc. Pension Plan No. 4, Registration Number 0583302 and Pension Plan No. 7, Registration Number 0583336** **Applicant:** Camco Inc. **Respondent:** Superintendent of Financial Services	***Pension Benefits Act*** Request for Hearing regarding the Superintendent's Notice of Proposal dated March 30, 2001, to Refuse to Consent to a Transfer of Assets from the Camco Inc. Pension Plan No. 4, to the Camco Inc. Pension Plan No. 7.	Request for Hearing – May 14, 2001. PHC – September 24, 2001 Settlement Conference – December 17, 2001 (rescheduled to): February 7, 2002.	Parties are continuing settlement discussions and will advise Tribunal if negotiations break down.
FST File #U0161.2001 **Financial Hardship** **Respondent:** Superintendent of Financial Services	***Pension Benefits Act*** Request for Hearing regarding Application to the Superintendent of Financial Services for Consent to Withdraw Money based on Financial Hardship.	Request for Hearing – May 17, 2001. PHC – June 14, 2001 (telephone conference).	Reasons dated June 18, 2001.
FST File #P0162.2001 **Consumers Packaging Inc. Pension Plan II, Registration Number 0998682** **Applicant:** Consumers Packaging Inc. **Respondent:** Superintendent of Financial Services; United Steelworkers of America Local 2036	***Pension Benefits Act*** Request for Hearing regarding the Superintendent's Notice of Proposal dated April 20, 2001, to Refuse to Approve Partial Wind Up Report and to Refuse to Register an Amendment to the Plan.	Request for Hearing – May 17, 2001. PHC – February 19, 2002.	On going.

Hearing Name / Parties	Nature of Hearing	Relevant Dates -- Date of Request for Hearing/Pre-Hearing Conference ("PHC")/ Hearing Dates	Result
FST File #P0163-2001 **Goodyear Canada Inc. Pension Plan, Registration Number 0337766** **Applicant:** Goodyear Canada Inc. **Respondent:** Superintendent of Financial Services	***Pension Benefits Act*** Request for Hearing regarding the Superintendent's Notice of Proposal dated April 24, 2001, to Make an Order that the Plan be Wound Up in Part.	Request for Hearing – May 22, 2001.	Withdrawn July 12, 2001.
FST File #P0164-2001 **CBS Canada Co. Westinghouse Canada Inc. Pension Plan, Registration Number 348409; and Westinghouse Canada Inc. Consolidated Pension Plan, Registration Number 526632** **Applicant:** CBS Canada Co. **Respondent:** Superintendent of Financial Services; CAW Canada	***Pension Benefits Act*** Request for Hearing regarding the Superintendent's Notice of Proposal dated May 9 and 15, 2001, to Refuse to Approve the Partial Wind Up Reports in respect of business carried on at several locations.	Request for Hearing – June 8, 1001 PHC November 5, 2001, continued on November 29, 2001, and on five subsequent occassions. Motion February 4 – 5, 2002.	On-going. Reasons for Decision on motion dated March 4, 2002.
FST File #P0165-2001 **Crown Cork & Seal Canada Inc. Pension Plan, Registration Numbers 338491, 474205 & 5595371** **Applicant:** Crown Cork & Seal Canada Inc. **Respondent:** Superintendent of Financial Services	***Pension Benefits Act*** Request for Hearing regarding the Superintendent's Notice of Proposal dated May 29, 2001, to Refuse to Consent to a Transfer of Assets from the Pension Plan for Salaried Employees and the Pension Plan for Clerical Employees to the Pension Plan for Employees.	Request for Hearing – June 29, 2001. Settlement Conference – October 30, 2001.	Adjourned *sine die* by all parties.
FST File #P0166-2001 **Samsonite Canada Inc. Samsonite Canadian Service Related Pension Plan, Registration Number 398578** **Applicant:** Samsonite Canada Inc. **Respondent:** Superintendent of Financial Services	***Pension Benefits Act*** Request for Hearing regarding the Superintendent's Notice of Proposal dated June 1, 2001, to Refuse to Consent to the Application of Samsonite Canada Inc. dated November 13, 2000, for the payment of surplus to the Employer under subsection 78 (1) of the Act.	Request for Hearing – July 3, 2001. PHC November 9, 2001; December 10, 2001 (telephone conference).	On-going.

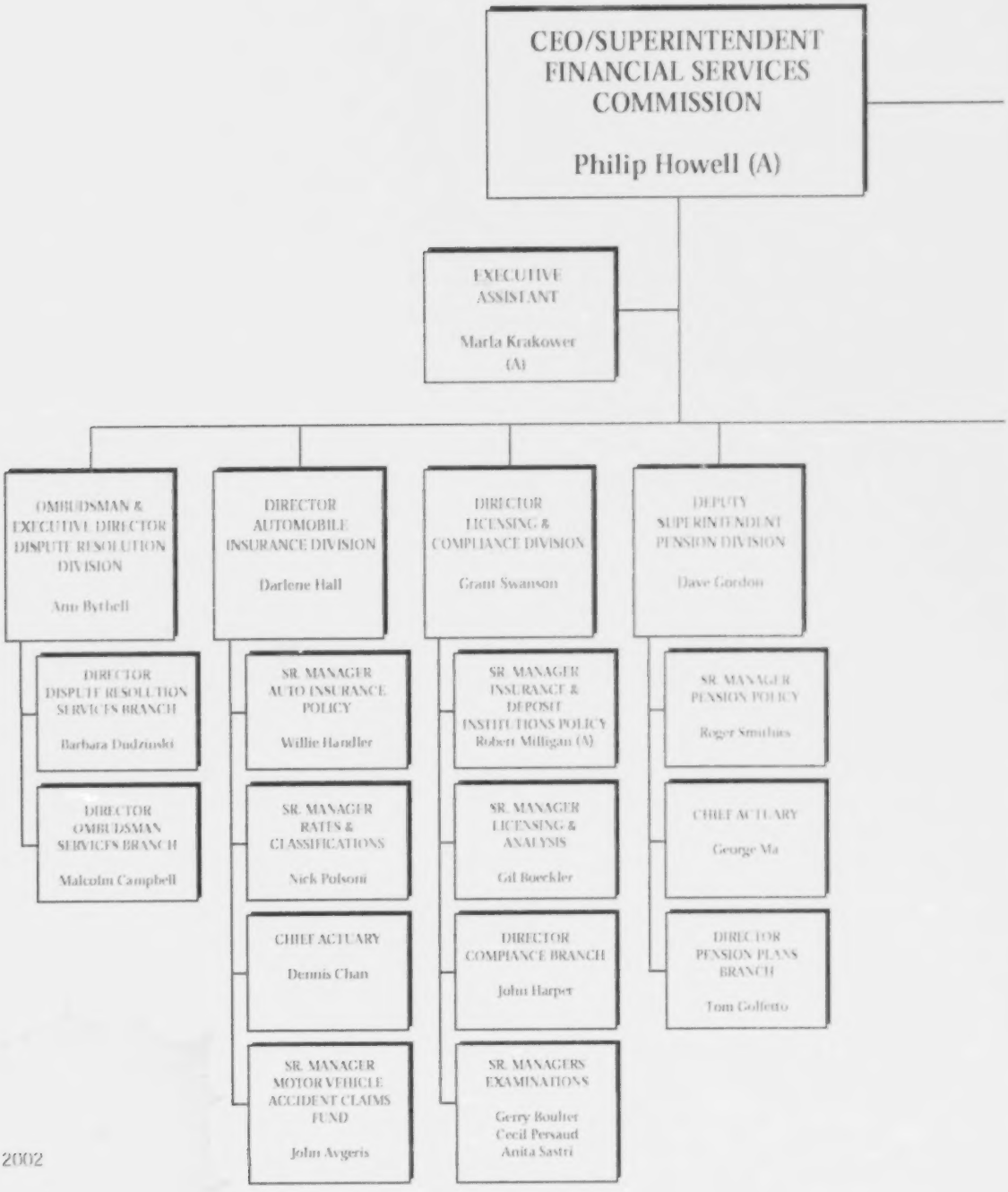
Hearing Name / Parties	Nature of Hearing	Relevant Dates – Date of Request for Hearing/Pre-Hearing Conference ("PHC")/ Hearing Dates	Result
FST File #P0167-2001 **Jim MacKinnon (Labourers' Pension Fund of Central and Eastern Canada), Registration Number 573188** **Applicant:** Mr. James MacKinnon **Respondent:** Superintendent of Financial Services; Labourers' Pension Fund of Central and Eastern Canada	***Pension Benefits Act*** Request for Hearing regarding the Superintendent's Notice of Proposal dated June 20, 2001, to Refuse to Make an Order with respect to Mr. MacKinnon's claim that he is entitled to receive a "Thirty and Out" pension benefit from the Plan.	Request for Hearing – July 6, 2001. PHC – November 22, 2001.	On going.
FST File #P0168-2001 **Doris Mair (Philip Services Inc. Pension Plan for Intermetco Senior Management Employees), Registration Number 0687608** **Applicant:** Doris Mair **Respondent:** Superintendent of Financial Services	***Pension Benefits Act*** Request for Hearing regarding the Superintendent's Notice of Proposal dated July 26, 2001, to Make an Order that the Plan be Wound Up in Part.	Request for Hearing – August 17, 2001.	Withdrawn October 19, 2001.
FST File #P0169-2001 **Imperial Oil Limited Retirement Plan, Registration Number 347054** **Applicant:** Imperial Oil Limited **Respondent:** Superintendent of Financial Services	***Pension Benefits Act*** Request for Hearing regarding the Superintendent's Notices of Proposal dated August 3, 2001, to Make an Order with respect to the calculation of pension benefits pursuant to section 87 of the Act, and to Make an Order Requiring the Wind Up in Part of the Plan.	Request for Hearing – August 24, 2001. PHC – January 9, 2002; March 1, 2002.	On going.
FST File #P0170-2001 **Stanley Canada Inc. The Pension Plan for Designated Employees, Registration Number 456897** **Applicant:** Stanley Canada Inc. **Respondent:** Superintendent of Financial Services; Edward Holba, Blaine Mitton	***Pension Benefits Act*** Request for Hearing regarding the Superintendent's Notice of Proposal dated July 26, 2001, to Refuse to Consent to the Application for Consent to a distribution of surplus in the Plan.	Request for Hearing – August 27, 2001 PHC – November 28, 2001 (adjourned); January 10, 2002.	On going.

Hearing Name / Parties	Nature of Hearing	Relevant Dates -- Date of Request for Hearing/Pre-Hearing Conference ("PHC")/ Hearing Dates	Result
FST File #P0171 2001 **Canadian Tack & Nail Ltd. The Pension Plan for Salaried Employees, Registration Number 0581306** **Applicant:** Canadian Tack & Nail Ltd. **Respondent:** Superintendent of Financial Services	***Pension Benefits Act*** Request for Hearing regarding the Superintendent's Notice of Proposal dated August 14, 2001, to Make an Order requiring the Employer or Administrator of the Plan to remit outstanding contributions of $67,933 as of December 31, 1999, owed to the Pension Fund together with interest.	Request for Hearing – September 10, 2001. PHC – February 7, 2002.	On going.
FST File #P0172 2001 **The Corporation of the City of Kitchener Pension Plan for Fire Department Employees, Registration Number 239475** **Applicant:** City of Kitchener **Respondent:** Superintendent of Financial Services	***Pension Benefits Act*** Request for Hearing regarding the Superintendent's Notice of Proposal dated August 23, 2001, to Refuse to Consent to the Application for Payment of Surplus to the Employer dated July 17, 2000, submitted by the City of Kitchener in respect of the Plan.	Request for Hearing – September 20, 2001.	On going.
FST File #P0173 2001 **Pension Plan for Employees of Proctor & Redfern Limited, Registration Number 0289579** **Applicant:** Hawkins, Martyniuk, Shemluck, Easton (Certain Former Members) **Respondent:** Superintendent of Financial Services; Earth Tech (Canada) Inc.; Guy Boudaud	***Pension Benefits Act*** Request for Hearing regarding the Superintendent's Notice of Proposal dated October 3, 2001, to Refuse to Make an Order under sections 69 and 87 of the Act relating to the Plan.	Request for Hearing – November 5, 2001.	On going.
FST File #U0174 2001 **Financial Hardship** **Respondent:** Superintendent of Financial Services	***Pension Benefits Act*** Request for Hearing regarding Application to the Superintendent of Financial Services for Consent to Withdraw Money based on Financial Hardship.	Request for Hearing – October 25, 2001.	Decision dated December 20, 2001.

Hearing Name / Parties	Nature of Hearing	Relevant Dates – Date of Request for Hearing/Pre-Hearing Conference ("PHC")/ Hearing Dates	Result
FST File #P0175-2001 **Samsonite Canadian Retirement Income Plan, Registration Number 373225** **Applicant:** Samsonite Canada Inc. **Respondent:** Superintendent of Financial Services	***Pension Benefits Act*** Request for Hearing regarding the Superintendent's Notice of Proposal dated October 11, 2001, to Refuse to Consent to the Application of Samsonite Canada Inc., dated November 13, 2000, for the payment of surplus to the Employer under subsection 78 (1) of the Act.	Request for Hearing – November 2, 2001. PHC – November 9, 2001; December 10, 2001 (resumption).	On-going.
FST File #M0176-2001 **Affinity Mortgages Inc.** **Applicant:** Lorne Post **Respondent:** Superintendent of Financial Services	***Mortgage Brokers Act*** Request for Hearing regarding the Superintendent's Notice of Proposal dated September 14, 2001, to Refuse to Grant Registration to Affinity Mortgages Inc.	Request for Hearing – September 21, 2001.	Abandoned.
FST File #U0177-2002 **Financial Hardship** **Respondent:** Superintendent of Financial Services	***Pension Benefits Act*** Request for Hearing regarding Application to the Superintendent of Financial Services for Consent to Withdraw Money based on Financial Hardship.	Request for Hearing – December 19, 2001. PHC – January 29, 2002 (telephone conference).	Withdrawn March 19, 2002.
FST File #P0178-2002 **Retirement Pension Plan for Employees of Twin Oak Credit Union Ltd., Registration Number 284257** **Applicant:** Twin Oak Credit Union Ltd. **Respondent:** Superintendent of Financial Services; Carol Lynne Joseph, Mary Lynn Feenan, Sharon Wiese, Donna Fredericks	***Pension Benefits Act*** Request for Hearing regarding the Superintendent's Notice of Proposal dated December 13, 2001, to Make and Order under section 87 of the Act.	Request for Hearing – January 11, 2002.	On-going.
FST File #U0179-2002 **Financial Hardship** **Respondent:** Superintendent of Financial Services	***Pension Benefits Act*** Request for Hearing regarding Application to the Superintendent of Financial Services for Consent to Withdraw Money based on Financial Hardship.	Request for Hearing – January 2, 2002.	On-going.

Hearing Name / Parties	Nature of Hearing	Relevant Dates -- Date of Request for Hearing/Pre-Hearing Conference ("PHC")/ Hearing Dates	Result
FST File #U0180 2002 **Financial Hardship** **Respondent:** Superintendent of Financial Services	***Pension Benefits Act*** Request for Hearing regarding Application to the Superintendent of Financial Services for Consent to Withdraw Money based on Financial Hardship.	Request for Hearing – January 31, 2002. PHC – March 18, 2002 (telephone conference).	On going.
FST File #U0181 2002 **Financial Hardship** **Respondent:** Superintendent of Financial Services	***Pension Benefits Act*** Request for Hearing regarding Application to the Superintendent of Financial Services for Consent to Withdraw Money based on Financial Hardship.	Request for Hearing – February 1, 2002.	On going.
FST File #I0182 2002 **Patrick Lee** **Applicant:** Patrick Lee **Respondent:** Superintendent of Financial Services	***Insurance Act*** Notice of Appeal of Superintendent of Financial Services' Revocation of Level II Life Insurance Agent Licence.	Request for Hearing – February 6, 2002. PHC – March 8, 2002 (telephone conference).	On going.
FST File #P0183 2002 **Marcel Brousseau (Electrical Industry of Ottawa Pension Plan), Registration Number 0586396** **Applicant:** Marcel Brousseau **Respondent:** Superintendent of Financial Services	***Pension Benefits Act*** Request for Hearing regarding the Superintendent's Notice of Proposal dated January 22, 2002, to Refuse to Make an Order under section 87 of the Act.	Request for Hearing – February 7, 2002.	On going.
FST File #U0184 2002 **Financial Hardship** **Respondent:** Superintendent of Financial Services	***Pension Benefits Act*** Request for Hearing regarding Application to the Superintendent of Financial Services for Consent to Withdraw Money based on Financial Hardship.	Request for Hearing – February 14, 2002.	On going.

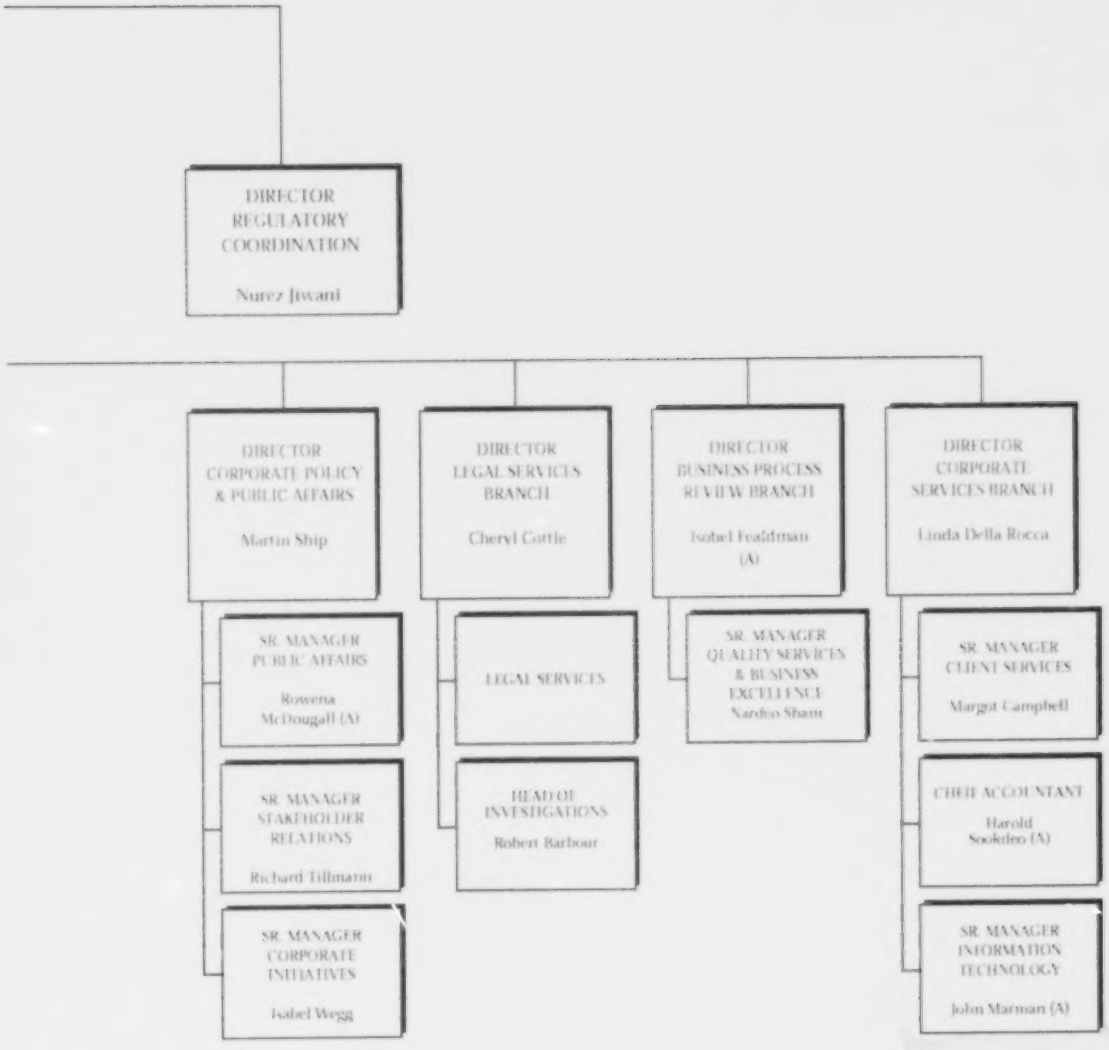
Hearing Name / Parties	**Nature of Hearing**	**Relevant Dates – Date of Request for Hearing/Pre-Hearing Conference ("PHC")/ Hearing Dates**	**Result**
FST File #U0185 2002 **Financial Hardship** **Respondent:** Superintendent of Financial Services	***Pension Benefits Act*** Request for Hearing regarding Application to the Superintendent of Financial Services for Consent to Withdraw Money based on Financial Hardship	Request for Hearing February 8, 2002	On going
FST File #U0186 2002 **Financial Hardship** **Respondent:** Superintendent of Financial Services	***Pension Benefits Act*** Request for Hearing regarding Application to the Superintendent of Financial Services for Consent to Withdraw Money based on Financial Hardship	Request for Hearing March 11, 2002	On going
FST File #P0187 2002 **Molson Canada Pension Plan for Operating Engineers, Registration Number 0390666;** **Molson Canada Pension Plan for Hourly Employees in Ontario, Registration Number 0334094;** **Molson Canada Pension Plan for Salaried Employees, Registration Number 0334086** **Applicant:** Molson Canada **Respondent:** Superintendent of Financial Services	***Pension Benefits Act*** 5 Requests for Hearing regarding the Superintendent's Notices of Proposal each dated May 13, 2002, to Make an Order that the Pension Plans be Wound Up in Part	Request for Hearing March 12, 2002	On going



As of March 31, 2002

Financial Services Commission of Ontario

Organization Chart



FINANCIAL SERVICES COMMISSION OF ONTARIO

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2002

Office of the Provincial Auditor of Ontario

Office of the
Provincial Auditor
of Ontario

Bureau du
verificateur provincial
de l'Ontario

Box 105, 15th Floor, 20 Dundas Street West, Toronto, Ontario M5G 2C2
B.P. 105, 15e étage, 20, rue Dundas ouest, Toronto (Ontario) M5G 2C2
(416) 327 2381 Fax: (416) 327 9862

Auditor's Report

To the Financial Services Commission of Ontario
and to the Minister of Finance

I have audited the balance sheet of the Financial Services Commission of Ontario as at March 31, 2002 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements presents fairly, in all material respects, the financial position of the Commission as at March 31, 2002 and the results of its operations and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting policies.

Toronto, Ontario
December 6, 2002

J.R. McCarter, CA
Assistant Provincial Auditor

FINANCIAL SERVICES COMMISSION OF ONTARIO

BALANCE SHEET
as at March 31, 2002

	2002 ($000s)	2001 ($000s) (Restated Note 9)
Assets		
Current		
Cash	6	6
Accounts receivable	25,980	10,194
Prepaid expenses	84	167
	26,070	10,367
Capital assets, net (Note 5)	2,745	4,068
	28,815	14,435
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	2,157	1,380
Deferred revenue (Note 7)	3,009	3,744
Net Assets		
Invested in capital assets	2,745	4,068
Investment by the Province	20,904	5,243
	23,649	9,311
	28,815	14,435

Commitment and Contingencies (Note 6)

See accompanying notes to the financial statement.

Approved by:

CEO and Superintendent
Financial Services Commission of Ontario

FINANCIAL SERVICES COMMISSION OF ONTARIO

STATEMENT OF OPERATIONS
For the Year Ended March 31, 2002

	2002 ($000s)	2001 ($000s) (Restated Note 9)
Revenue (Note 3)		
Assessments	20,284	22,503
Annual fees for pension plans	7,900	7,898
Fees and licences	4,731	3,395
Registrations	642	561
Other	94	121
	33,651	34,478
Expenses		
Salaries and wages	20,788	19,407
Employee benefits	3,658	3,344
Services	12,261	11,473
Amortization	2,204	1,687
Transportation and communication	690	758
Supplies and equipment	534	553
Bad debt expense	58	
Transfer payment	20	40
	40,213	37,262
Less: Recoveries	1,594	1,288
	38,619	35,974
Excess of expenses over revenue	4,968	1,496

See accompanying notes to the financial statement.

FINANCIAL SERVICES COMMISSION OF ONTARIO

STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended March 31, 2002

	2002 ($000s)			2001 ($000s) (Restated Note 9)
	Invested in Capital Assets	Investment by the Province	Total 2002	Total 2001
Balance, beginning of year	4,068	5,243	9,311	10,114
Acquisition of capital assets	881	(881)	—	—
Excess of expenses over revenue	(2,204)	(2,764)	(4,968)	(1,496)
Contribution from the Province (Note 8)	—	19,306	19,306	693
Balance, end of year	2,745	20,904	23,649	9,311

See accompanying notes to the financial statement.

FINANCIAL SERVICES COMMISSION OF ONTARIO

STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2002

	2002 ($000s)	2001 ($000s) (Restated Note 9)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
Cash flows from operating activities		
Excess of expenses over revenue	(4,968)	(1,496)
Amortization	2,204	1,687
	(2,764)	191
Changes in non-cash working capital		
Accounts receivable	(15,786)	(2,394)
Prepaid expenses	83	(167)
Accounts payable	777	1,380
Deferred revenue	(735)	1,700
	(15,661)	519
Cash flows from financing activity		
Contribution from the Province	19,306	693
Cash flows from investing activity		
Purchase of capital assets	(881)	(1,403)
Net change in cash position		
Cash position, beginning of year	6	6
Cash position, end of year	6	6

See accompanying notes to the financial statement.

FINANCIAL SERVICES COMMISSION OF ONTARIO

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2002

1. OPERATIONS OF THE COMMISSION

The Financial Services Commission of Ontario (Commission) was established under the *Financial Services Commission of Ontario Act, 1997*. The Commission's mandate is to enhance consumer confidence and public trust in Ontario's regulatory activities governing insurance, pensions, credit unions, trust companies, caisses populaires, co operatives and mortgage brokers, and also to make recommendations to the Minister of Finance on matters affecting the regulated sectors. The Commission administers the following legislation: *Insurance Act, Pension Benefits Act, Credit Unions and Caisses Populaires Act, Loan and Trust Corporations Act, Mortgage Brokers Act and Co operative Corporations Act*.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The significant accounting policies used to prepare these statements are summarized below.

(a) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is calculated on a straight line basis over the estimated useful life of the asset, beginning in the year following acquisition, as follows:

Office furniture and equipment	5 years
Computer hardware and related software	2 years
Leasehold improvements	over term of the lease

(b) Revenue Recognition

Assessment revenues from insurance, credit unions, caisses populaires and the loan and trust sectors are recognized when the recoverable costs to administer the various Acts governing these sectors are incurred. The amounts are based on estimated recoverable costs because the actual recoverable costs from the various sectors cannot be determined until the following year.

The Commission recognizes the annual assessment fee due from each pension plan registered in the province based on an estimate because the actual fee cannot be determined until the pension plan files its annual information return six to nine months after the plan's fiscal year end.

Adjustments to revenue, if any, between the amounts recognized based on estimates and actual revenues, are charged to income in the year when the actual amounts are determined.

FINANCIAL SERVICES COMMISSION OF ONTARIO

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2002

(c) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amount of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenditures for the period. Actual amounts could differ from these estimates.

3. REVENUE

For the fiscal year, revenue from the following Acts and regulations made under the Acts administered by the Commission are:

	2002 ($000s)	2001 ($000s)
Insurance Act		
Insurer assessment	19,386	19,758
Fees, licences and other	3,816	2,858
Pension Benefits Act		
Annual information return filing fees and registration fees	7,971	8,319
Pension unlocking fees and other	704	16
Credit Unions and Caisses Populaires Act		
Credit Union assessment	656	2,210
Fees and other	302	240
Loan and Trust Corporations Act		
Loan and Trust assessment	241	535
Fees, licences and registrations	49	77
Mortgage Brokers Act		
Registrations	515	437
Co-operative Corporations Act		
Fees and other	11	28
	33,651	34,478

FINANCIAL SERVICES COMMISSION OF ONTARIO

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2002

4. EMPLOYEE BENEFITS

(a) Pension Benefits

The Commission provides pension benefits for all its permanent employees through participation in the Public Service Pension Fund (PSPF) and the Ontario Public Service Employees' Union Pension Fund (OPSEU Pension Fund) which are multi employer defined benefit pension plans established by the Province of Ontario. These plans are accounted for as defined contribution plans as the Commission has insufficient information to apply defined benefit plan accounting to these pension plans. The Commission's contributions related to the PSPF and OPSEU Pension Fund for the year were $940,416 (2001 – $964,632) and are included in employee benefits.

(b) Non-pension Benefits

Cost of post retirement non pension employee benefits are paid by the Management Board Secretariat and are not included in the statement of operations. Legislative severance benefits are accrued upon termination of employment of eligible employees.

5. CAPITAL ASSETS

	2002 ($000s)			2001 ($000s)
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware	2,039	1,528	511	1,390
Computer software	403	323	80	261
Office furniture and equipment	75	19	56	70
Leasehold improvements	3,129	2,073	1,056	2,113
Computer software under development	1,042		1,042	234
	6,688	3,943	2,745	4,068

FINANCIAL SERVICES COMMISSION OF ONTARIO

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2002

6. COMMITMENT AND CONTINGENCIES

(a) The Commission is committed to minimum lease payments for office space over the next two years as follows:

	($000s)
2002/03	3,757
2003/04	1,897
	5,654

(b) The Commission is involved in various legal actions arising out of the ordinary course of business. Settlements, if any, will be accounted for in the period in which the settlement occurs. The outcome and ultimate disposition of these actions are not determinable at this time.

7. DEFERRED REVENUE RELATED TO LICENCES AND REGISTRATION

Deferred revenue represents payments received for fees, licences and registrations that cover more than the current fiscal year. The deferred portion is recognized as revenue when the applicable future licence year occurs. The change in deferred revenue balances are as follows.

	Balance, beginning of year	Received during year	Recognized during year	Balance, end of year
	($000s)	($000s)	($000s)	($000s)
Insurance agents	2,749	1,991	2,544	2,196
Adjusters	23	94	94	23
Mortgage brokers	220	560	515	265
Corporations	752	441	668	525
	3,744	3,086	3,821	3,009

FINANCIAL SERVICES COMMISSION OF ONTARIO

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2002

8. TRANSACTIONS WITH THE PROVINCE

Revenue is deposited into the Consolidated Revenue Fund (CRF) of the Province of Ontario on cash basis. Expenses are paid out of monies appropriated therefor by the Legislature of the Province of Ontario on cash basis. The excess of the cash drawn from the Commission's appropriation to pay expenses and the cash from revenue deposited into the CRF is recorded as Contribution from the Province in the Statement of Changes in Net Assets. The Ministry of Finance and Management Board of Cabinet also absorb the costs of certain administrative expenses.

9. CHANGE IN BASIS OF ACCOUNTING

Effective April 1, 2001, the Commission adopted Canadian generally accepted accounting principles to prepare its financial statements. This requires accounting for revenues and expenses on the accrual basis and the capitalization of assets when acquired and which are amortized to income over their estimated useful lives. Previously, the modified cash basis was used, whereby revenues and expenditures were accounted for on the cash basis which was modified to allow for an additional 30 days to pay for goods and services received during the fiscal year just ended, and capital assets were expensed in the year of acquisition. This change in the basis of accounting has been adopted on a retroactive basis resulting in the following changes to the March 31, 2001 financial statements.

	2001 ($000s)		
	As Previously Stated	Increase	As Restated
Current assets		10,367	10,367
Capital assets, net		4,958	4,958
Current liabilities		1,380	1,380
Deferred revenue		3,744	3,744
Net assets		9,201	9,201
Excess of expenses over revenue	1,498	(2)	1,496

FINANCIAL SERVICES COMMISSION OF ONTARIO

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2002

10. SECURITIES ON DEPOSIT

The Insurance Act authorizes the Commission to require insurance companies to deposit securities in any amount it considers necessary and on such conditions as it considers proper. As at March 31, 2002, the face value of the securities held by the Commission under the Insurance Act was $11,475 million. Income earned on the securities is paid directly to the insurance companies depositing the securities. These securities and the related income are not recorded in the financial statements.

11. ESTABLISHING A SINGLE FINANCIAL SERVICE REGULATOR

In the May 2, 2000 Budget, the Minister of Finance announced that the Financial Services Commission of Ontario and the Ontario Securities Commission would be merged into a single agency that would provide regulation of the capital markets and financial services sectors. Legislation is required in order to create the proposed new organization and specify its regulatory responsibilities and powers. Draft legislation supporting this initiative was released for comment by the Ministry of Finance in April 2001.

FINANCIAL SERVICES COMMISSION OF ONTARIO

STATEMENT OF THE PENSION BENEFITS GUARANTEE FUND

FOR THE YEAR ENDED MARCH 31, 2002

Office of the Provincial Auditor of Ontario

Office of the
Provincial Auditor
of Ontario

Bureau du
vérificateur provincial
de l'Ontario

Box 105, 15th Floor, 20 Dundas Street West, Toronto, Ontario M5G 2C2
B.P. 105, 15e étage, 20, rue Dundas ouest, Toronto (Ontario) M5G 2C2
(416) 327 2381 Fax: (416) 327 9862

Auditor's Report

To the Financial Services Commission of Ontario
and to the Minister of Finance

I have audited the statement of the Pension Benefits Guarantee Fund of the Financial Services Commission of Ontario for the year ended March 31, 2002. This statement is the responsibility of the Commission's management. My responsibility is to express an opinion on this statement based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, this statement presents fairly, in all material respects, the Commission's guarantee fund revenue, expenditure and fund balance for the year ended March 31, 2002 in accordance with accounting policies described in note 2 to the financial statement.

Toronto, Ontario
September 18, 2002

J.R. McCarter, CA
Assistant Provincial Auditor

FINANCIAL SERVICES COMMISSION OF ONTARIO

STATEMENT OF THE PENSION BENEFITS GUARANTEE FUND as at March 31, 2002

	2002 ($000s)	2001 ($000s)
Revenue		
Premium revenue	20,636	27,404
Investment income (Note 3)	11,608	11,540
Recoveries	2,363	108
	34,607	39,052
Expenditure		
Claims	4,173	1,134
Pension management fees (Note 5)	1,538	
Investment management fees	261	247
Administration fee (Note 4)	237	202
	6,209	1,583
Excess of revenue over expenditure	28,398	37,469
Unrealized changes in market value of investments	(942)	2,525
	27,456	39,994
Balance in Fund, beginning of year	228,988	188,994
Balance in Fund, end of year	256,444	228,988
Consisting of:		
Cash and short term deposits	176,055	132,395
Government and corporate bonds at market (Cost – $77,625; 2001 – $91,846)	78,202	93,365
Accrued interest	2,187	3,228
	256,444	228,988

Contingencies (Note 5)
See accompanying notes to the financial statement.

Approved by:

CEO and Superintendent
Financial Services Commission of Ontario

FINANCIAL SERVICES COMMISSION OF ONTARIO

PENSION BENEFITS GUARANTEE FUND – NOTES TO FINANCIAL STATEMENT – MARCH 31, 2002

1. PURPOSE OF FUND

The purpose of the Pension Benefits Guarantee Fund (the Fund) is to guarantee payment of pension benefits of certain defined benefit pension plans that are wound up under conditions specified in the *Pension Benefits Act*, and regulations thereto. The regulations also prescribe the amount of the premiums required to be paid into the Fund by plan sponsors. The Superintendent of the Financial Services Commission of Ontario pursuant to the *Financial Services Commission of Ontario Act, 1997* is responsible for the administration of the Fund.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statement has been prepared by management. The significant accounting policies used to prepare this statement are summarized below.

(a) Basis of Accounting

This financial statement has been prepared using the cash basis of accounting except investment income and unrealized changes in the market value of investments which are recorded on an accrual basis.

(b) Investments

Short term deposits have a market value that approximates carrying value.

Investments in Government and corporate bonds are stated at their quoted market value. Unrealized changes in market value reflect the change in unrealized gains or losses that have occurred by holding investments over the year.

3. INVESTMENTS

The Financial Services Commission of Ontario has adopted a statement of Investment Policies and Guidelines. This statement outlines the purpose of the Fund and provides guidelines for the management of the Fund.

The Fund invests in short term deposits and in fixed income securities issued or guaranteed by the federal and provincial governments and Canadian corporations. Short term deposits have an average yield of 2.21% (2001 – 5.22%) and will mature within a year. Investments in government and corporate bonds will mature within seven years and have an average yield of 4.82% (2001 – 5.93%).

FINANCIAL SERVICES COMMISSION OF ONTARIO

PENSION BENEFITS GUARANTEE FUND – NOTES TO FINANCIAL STATEMENT – MARCH 31, 2002

Investment income is comprised of interest from interest bearing securities combined with realized gains/losses from the sale of securities. The realized net gain/loss on the sale of securities amounted to $662,064 gain (2001 – $703,340 loss). Unrealized changes in the market value of investments is reflected as a separate line item on the statement.

4. ADMINISTRATION FEE

The *Pension Benefits Act* allows the Financial Services Commission of Ontario to charge the Fund for expenses it incurs in administering the Fund. During fiscal 2002, administration fees of $237,131 (2001 – $202,000) were paid to the Financial Services Commission of Ontario.

Administrative services related to the processing of premium revenue are provided by the Ministry of Finance without charge.

5. CONTINGENCIES

As at March 31, 2002, there are 30 potential claims relating to the closure of 22 companies and the wind up of their pension plans. The liability of the Fund relating to these claims is estimated at approximately $24.6 million. Settlement of these claims will be accounted for in the period in which the settlement occurs.

In addition, there is a further possible significant claim that has the potential to exceed the current balance in the Fund. Should such a claim be filed, the *Pension Benefits Act* provides that if the amount standing to the credit of the Fund is insufficient to meet payments for claims, the Lieutenant Governor in Council may authorize the Minister of Finance of Ontario to make loans out of the Consolidated Revenue Fund to the Fund on such terms and conditions as the Lieutenant Governor directs. The Superintendent of Financial Services has since appointed an administrator to manage the pension plans related to this possible claim. During the year, $1.538 million had been paid from the Fund for the administration and management of these pension plans. The Fund was reimbursed by the administered plans for these costs in April 2003. It is anticipated there will be no settling of this claim for a number of years while the appointed administrator endeavours to reduce the claim through investment performance. As at September 18, 2002, no claim had been filed.

MOTOR VEHICLE ACCIDENT CLAIMS FUND

STATEMENT OF FINANCIAL POSITION
STATEMENT OF FUND

YEAR ENDED MARCH 31, 2002
UNAUDITED

MOTOR VEHICLE ACCIDENT CLAIMS FUND

(Established under the Motor Vehicle Accident Claims Act)

STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2002

UNAUDITED

ASSETS

	2002 $	2001 $
Funds on Deposit with the Minister of Finance	12,193,214	7,174,158
	12,193,214	**7,174,158**

LIABILITIES & FUND BALANCE

Net Fund Balance	12,193,214	7,174,158
	12,193,214	**7,174,158**

See accompanying notes to Financial Statements

Philip Howell
Chief Executive Officer and
Superintendent of Financial Services (Acting)

MOTOR VEHICLE ACCIDENT CLAIMS FUND

(Established under the Motor Vehicle Accident Claims Act)

STATEMENT OF FUND
FOR THE YEAR ENDED MARCH 31, 2002

UNAUDITED

	2002 $	2001 $
RECEIPTS		
Fee on issue or renewal of driver's licences	8,041,358	8,821,318
Repayment by debtors	2,119,266	2,382,261
Prior year recoveries	851,815	543,393
TOTAL RECEIPTS	**11,012,439**	**11,746,972**
DISBURSEMENTS		
Special Purpose Payments		
Third Party Claims		
Judgments, including costs	2,783,606	3,107,710
Out-of-Court settlements	33,648	66,869
Hit-and-run cases, including costs	442,371	985,807
	3,259,625	**4,160,386**
Accident Benefits		
Statutory accident benefits	6,198,963	3,550,972
Sub-total	**9,458,588**	**7,711,358**
Administrative Expenses		
Salaries and wages	853,424	767,755
Employee benefits	160,377	136,365
Transportation and Communication Services	39,568	15,268
Services		
Claims (Solicitors' fees, etc.)	1,144,707	1,415,379
Accident benefits claims expense	591,151	516,812
Other	1,082,650	95,323
Supplies and equipment	61,918	13,140
Sub-total	**3,933,795**	**2,960,042**
TOTAL DISBURSEMENTS	**13,392,383**	**10,671,400**
Increase/(Decrease) in Fund during the year	(2,379,944)	1,075,572
Balance in Fund, on deposit with the Minister of Finance, Beginning of Year	7,174,158	6,098,586
Transfer Payment - Subsidization of MVACF	7,399,000	0
Balance in Fund, on deposit with the Minister of Finance, End of Year	**12,193,214**	**7,174,158**

See accompanying notes to Financial Statements.

MOTOR VEHICLE ACCIDENT CLAIMS FUND

NOTES TO FINANCIAL STATEMENT

1. Authority

The Motor Vehicle Accident Claims Fund (the "Fund") operates under the authority of the *Motor Vehicle Accident Claims Act* (the *Act*), R.S.O. 1990, Chapter M.41 as amended.

2. Fund Operations

The Fund was originally established to provide compensation to victims of motor vehicle accidents caused by uninsured or hit-and-run motorists in Ontario. Uninsured motorists were required to pay an annual fee into the Fund. However, effective March 1, 1980, with the enactment of the *Compulsory Automobile Insurance Act*, all motorists were required to carry compulsory third party liability insurance including uninsured motorist coverage. In 1990, a new provision to pay accident benefits was created for the Fund.

The Fund now pays claims under four different automobile insurance compensation systems:

1. Tort - prior to June 22, 1990;
2. OMPP - between June 22, 1990 and December 31, 1993;
3. Bill 164 - between January 1, 1994 and October 31, 1996; and
4. Bill 59 - from November 1, 1996 and forward.

The coverage provided by the Fund is analogous to the minimum required coverage under the standard automobile policy (OAP1) approved by the provincial regulator. Unlike insurance companies, the Fund does not cover claims where the accidents occur outside of Ontario.

3. Statement of Fund

Basis of Accounting

The Fund uses a cash basis of accounting which is modified to allow an additional 30 days to pay for goods and services pertaining to the fiscal year just ended. In this regard, certain payments incurred at year end may be reported in the following month of the new fiscal period.

Receipts

Fees consist of $1.00 charged per year to every driver in the Province of Ontario who renews his/her driver's licence and for every new driver's licence issued.

Amounts collected on outstanding receivables are reported as receipts in the year they are collected (see below for explanation of Accounts Receivable).

Special Purpose Payments

Amounts paid from the Fund to victims of automobile accidents, where there is no insurance to respond to the claim, are reported as expenditures and are broken down into claim types set out in the *Act*. These payments are legally recoverable from uninsured at-fault motorists, for all third party liability claims.

Administrative Expenses

The administrative expenditures (e.g. Salaries, Benefits, Transportation and Communication Services, and Supplies and Equipment) are paid out during the course of the year from the

Consolidated Revenue Fund. At the end of each fiscal year, the Lieutenant Governor in Council authorizes the payment out of the Fund, of the amount required to reimburse the Consolidated Revenue Fund for the expenses incurred in connection with the administration of the Fund.

4. Statement of Financial Position

Motor Vehicle Accident Claims Fund

As at March 31, 2002, the Fund reported disbursements in excess of revenue by $2.4 million. Temporary funding in the form of a transfer payment was received from the Consolidated Revenue Fund in the amount of $7.4 million. This resulted in increasing the fiscal year end Fund balance to $12.2 million. This amount is held in a Consolidated Revenue Fund Special Purpose Account and is reported as a liability on the Statement of Financial Position of the Province of Ontario.

Accounts Receivable

The records of the Fund provide for an Accounts Receivable Portfolio, compiled over the years as a result of third party claim payouts to uninsured victims. In accordance with the *Act* these payouts, which become receivables, are recoverable from uninsured motorists. As of March 31, 1999, the process used to estimate the allowance for doubtful accounts was revised. The process involves an aging method modified to suit the Fund's payout process. At March 31, 2002, the receivables totalled $48.3 million. The allowance for doubtful accounts is calculated to be $28.8 million leaving a net realizable value of $19.5 million.

Contingent Gains

Some payments out of the Fund are in the form of Structured Settlements for accident benefit claims. These claims have guarantee periods ranging from 10 to 25 years and during this period the reversionary interest will revert to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance should the claimant die.

Even though the range of probability that the claimant may die during the guarantee period is slight, the Fund nevertheless has calculated the approximate reversionary interest as at March 31, 2002 for information purposes.

As at March 31, 2002, the amount paid out of the Fund for accident benefit claims in the form of structured settlements was approximately $4.4 million with applicable reversionary interest of approximately $2.6 million.

Fixed Assets

The cost of Fixed Assets, consisting of furniture, equipment and alterations to premises are charged to operations in the period in which they are incurred.

Unfunded Liability

As at March 31, 2002, the Fund is contingently liable for claims in process, claims which have occurred but have not yet been reported, and the expenses required to settle the claims. Based on an actuarial valuation, the estimated payments in all future years arising from outstanding claim

and claim settlement expense liability, add up to $107.9 million. This amount includes a $5.8 million provision for adverse deviation. Once netted against the Fund's $12.2 million balance, and $19.5 million in net receivables (as per Accounts Receivable, above), this leaves an unfunded liability of $76.2 million.

The portion of the overall $107.9 million expected to be paid out in the 2002 - 2003 fiscal year is estimated to be approximately $13.0 million.

THE FINANCIAL SERVICES COMMISSION OF ONTARIO

SUPERINTENDENT'S REPORT ON INSURANCE 2001

SUPERINTENDENT'S REPORT 2001

The following information was obtained from the annual filings and, in the case of federally registered insurers, from the Office of the Superintendent of Financial Institutions. While every effort has been made to ensure the accuracy of this report, decisions should not be made solely on the information contained in it. Other sources should also be consulted. Any material changes to this information will be reported to the Minister of Finance and published in **The Ontario Gazette**.

The information is organized by type of insurer, and insurers are listed alphabetically within each group.

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Reinsurance Companies 108
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Fraternal Societies 114
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The Honourable Janet Ecker
Minister of Finance
7 Queen's Park Crescent
Toronto, ON M7A 2H6

Dear Minister:

I am pleased to present the 123rd annual report under Section 36 of the *Insurance Act* for the year ended December 31, 2001. Prior to the creation of the Financial Services Commission of Ontario, this report was issued by the Superintendent of Insurance.

In addition to the information contained in this report, a listing of all licensed insurers is published each July in **The Ontario Gazette**. This list contains the names of the insurers, their addresses, telephone numbers, chief agents, and the classes for which they are licensed. During the year, information concerning newly licensed insurers and changes to existing licences is also published in the Financial Services Commission of Ontario Bulletins. Any broker or member of the public can verify whether a particular insurer is licensed by calling our offices at (416) 250-7250, extension 5500. This information is also available on the Commission's Internet site – **www.fsco.gov.on.ca**.

News releases containing other information of public interest are issued throughout the year. These announcements can effectively reach a large number of Ontario residents. Information is also supplied to industry trade associations for inclusion in their publications to reach more specialized audiences. Financial Services Commission of Ontario Bulletins are issued as required to provide information to insurers and other individuals interested in the insurance industry.

Yours sincerely,

Philip Howell (Acting)
Superintendent of Financial Services

SUMMARY FINANCIAL INFORMATION

SUMMARY OF COMPANIES LICENCED BY TYPE OF BUSINESS ACTIVITY

as at December 31, 2001, and December 31, 2000

					Analysis of 2001 total		
Business Type	**Total 2000**	**Additions**	**Withdrawals**	**Total 2001**	**Ontario**	**Extra Provincial**	**Federal**
Property & Casualty Companies	231	8	15	224	67	8	149
Life Insurance Companies	109	3	4	108	5	11	92
Reinsurance Companies	46	1	1	46	2	1	43
Reciprocal Exchanges	9	0	0	9	8	0	1
Fraternal Societies	28	0	0	28	3	0	25
Totals	423	12	20	415	85	20	310

Notes:

1. Companies writing both property & casualty and life business are listed under Life in the above summary. Their financial performance is shown separately by business type in the following report.

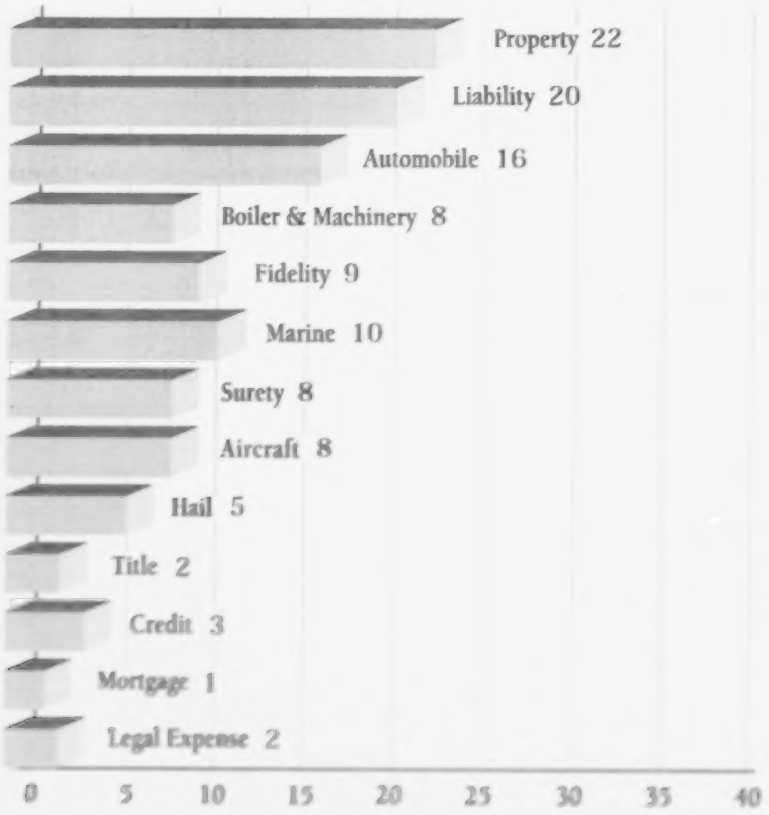
2. Branch operations are included in the Federal totals.

3. The Superintendent's Report 2001, records figures as of the end of the calendar year (December 31, 2001). The Financial Services Commission of Ontario Annual Report 2001-2002, records figures as of the end of the fiscal year (March 31, 2002).

To gauge the level of competition, FSCO calculates how many companies or groups of companies represent 80 per cent of the market for key products.

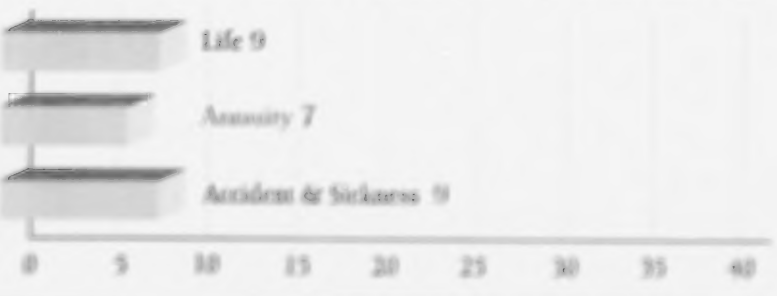
2001 Property and Casualty Insurers

Number of Groups of Affiliated Companies Representing 80% of Ontario Market Share



2001 Life Insurers

Number of Groups of Affiliated Companies Representing 80% of the Ontario Market Share

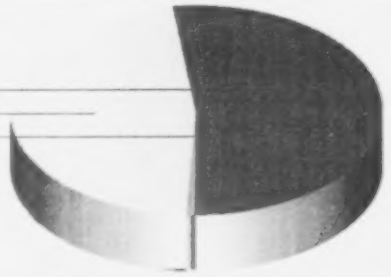


Insurance is a $24 billion business in Ontario. In 2001, of the total premium dollar, 50.7 per cent went to the life insurance industry and 48.4 per cent went to property and casualty (including automobile) insurers.

2001 Direct Premium Volume in Ontario

Total $24,284 (millions) in Ontario

Life Insurance Companies	$	12,308	(50.7%)
Property & Casualty Insurers	$	11,767	(48.4%)
Others	$	209	(0.9%)



P&C insurers received $11.7 billion in premiums in 2001. The split among automobile, property and liability insurance was unchanged, year over year.

2001 Property and Casualty Companies - Direct Written Premiums in Ontario - By Line

Total Premiums Written $11,767 (millions)

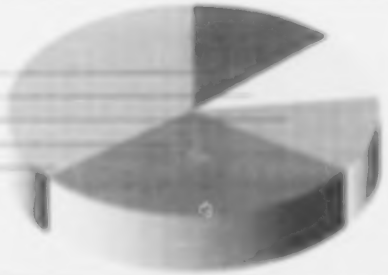
Property	$	2,786	(23.7%)
Others	$	1,044	(8.9%)
Liability	$	1,466	(12.5%)
Automobile	$	6,471	(55.0%)

The broad pattern among life insurance companies likewise remained constant. Of the $12 billion spent on premiums to the life insurers, 18.9 per cent went to buy annuities, 42.6 per cent to purchase individual and group life coverage and 38.5 per cent to obtain accident and sickness insurance.

2001 Life Companies - Direct Premium Written in Ontario

Total Premiums Written $12,308 (millions)

Life - Group	$	1,580	(12.8%)
Annuity - Group	$	1,167	(9.5%)
Annuity - Individual	$	1,155	(9.4%)
Life - Individual	$	3,661	(29.6%)
Accident & Sickness	$	4,747	(38.6%)



PROPERTY AND CASUALTY COMPANIES

FINANCIAL SUMMARY

year ended December 31, 2001 (in thousands)

Note		ONTARIO BUSINESS	
		Direct premiums written $	Direct claims incurred $
	ONTARIO		
	Algoma Mutual Insurance Company	4,341	2,961
	Amherst Island Mutual Fire Insurance Company	241	29
	Ayr Farmers' Mutual Insurance Company	7,977	7,065
	Bay of Quinte Mutual Insurance Co.	9,404	6,670
	Bertie and Clinton Mutual Insurance Company	4,734	2,369
	Blanshard Mutual Insurance Company	1,747	1,658
	Beaut Mutual Insurance Company	3,136	2,500
	CAA Insurance Company (Ontario)	83,556	56,930
1	Canadian Millers' Mutual Insurance Company	0	0
	Caradoc Delaware Mutual Fire Insurance Company	755	508
	Cayuga Mutual Fire Insurance Company	2,155	1,793
	Coachman Insurance Company	26,128	22,973
	Commerce and Industry Insurance Company of Canada	32,660	41,202
	Coronation Insurance Company, Limited	0	(35)
	Cultrera Mutual Insurance Company	1,687	1,390
	Dominion Mutual Insurance Company, The	3,009	1,807
	Dufferin Mutual Insurance Company	5,108	4,455
	Dumfries Mutual Insurance Company	6,086	3,014
	Elma Mutual Insurance Company	7,378	6,847
	Erie Mutual Fire Insurance Company	3,037	1,323
	Farmers' Mutual Fire Insurance Company (Lindsay)	40,997	31,767
	Fenelon Mutual Insurance Company	15,609	8,165
	Gerling Canada Insurance Company	60,995	26,681
	Greenock Farmers' Mutual Fire Insurance Company	4,258	4,473
	Glengarry Farmers' Mutual Fire Insurance Company	3,442	1,347
	Grenville Mutual Insurance Company	6,902	4,538
	Grey & Bruce Mutual Insurance Company	4,130	1,891
	Halkett Mutual Insurance Company	3,455	2,682
	Hamilton Township Farmers' Mutual Fire Insurance Company, The	12,250	8,326
	Hay Mutual Insurance Company	6,670	3,708

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Claims incurred to earned premium %	Net income/ (loss) $
7,485	4,596	2,889	80	(174)
993	166	827	17	90
22,774	10,474	12,300	94	(279)
17,625	8,061	9,564	80	(312)
25,031	8,045	16,986	54	849
6,035	2,045	3,990	88	(105)
8,898	3,145	5,753	118	(798)
179,336	137,755	41,581	74	3,916
0	0	0	n.a.	0
6,819	851	5,968	89	60
11,832	2,295	9,537	83	68
64,084	48,868	15,216	90	(580)
454,862	398,409	56,453	73	8,542
6,636	3,454	3,182	n.a.	(15)
2,850	1,683	1,167	95	27
9,905	3,181	6,724	78	303
13,089	7,894	5,195	91	(785)
20,446	6,008	14,438	66	758
14,007	8,739	5,268	83	(576)
16,193	2,849	13,344	54	524
96,819	64,374	32,445	88	(1,657)
29,000	19,813	9,187	80	(300)
458,127	391,032	67,095	67	7,502
11,316	5,137	6,179	105	(1,287)
8,787	2,361	6,426	69	136
38,302	10,572	27,730	80	695
3,950	1,095	2,855	144	(720)
16,626	6,343	10,283	69	53
22,289	12,813	9,476	77	(25)
22,732	5,001	17,731	93	303

PROPERTY AND CASUALTY COMPANIES

FINANCIAL SUMMARY

ONTARIO BUSINESS

year ended December 31, 2001 (in thousands)

Note		Direct premiums written $	Direct claims incurred $
	ONTARIO cont.		
	Heritage General Insurance Company	10,693	2,661
	Howard Mutual Fire Insurance Company	4,536	3,665
	Howick Mutual Insurance Company	6,480	5,172
	Kent & Essex Mutual Insurance Company	6,443	3,849
	Kingsway General Insurance Company	125,792	112,844
	Lambton Mutual Insurance Company	8,397	4,452
	Lanark Mutual Insurance Company	11,361	6,397
	Lawyers' Professional Indemnity Company	80,502	63,420
	Lennox and Addington Mutual Fire Insurance Company, The	2,296	1,494
	Loyalist Insurance Company, The	7,737	7,253
	Markham General Insurance Company	80,369	39,223
	McKillop Mutual Insurance Company	3,165	1,480
	Middlesex Mutual Insurance Co.	4,331	6,010
	Norfolk Mutual Insurance Company	4,302	2,126
	North Blenheim Mutual Insurance Company	4,680	3,824
	North Kent Mutual Fire Insurance Company	2,989	1,573
	Optimum Frontier Insurance Company	49,345	58,033
	Oxford Mutual Insurance Company	6,330	4,029
	Pembridge Insurance Company	116,990	124,161
	Peel and Marylsorough Mutual Insurance Company	7,180	4,587
	Peel Mutual Insurance Company	16,266	11,522
	Pilot Insurance Company	420,297	272,587
	Premier Insurance Company	85	0
	Provost Mutual Insurance Company	685	451
	Scottish & York Insurance Co. Limited	107,544	110,956
	Sherway Insurance Company Limited	0	0
	South Easthope Mutual Insurance Company	6,825	8,562
2	Sonn & Country Mutual Insurance Company	2,877	2,067
5	Stratmead Farmers' Mutual Fire Insurance Company	2,013	1,139
	TIG Insurance Company Limited	0	0
	Usborne and Hibbert Mutual Fire Insurance Company	3,701	2,264

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Claims incurred to earned premium %	Net income/ (loss) $
21,191	10,239	10,952	55	1,499
26,099	6,565	19,534	96	166
15,026	8,299	6,727	91	(700)
29,674	7,972	21,702	71	785
355,895	324,362	31,533	94	(3,502)
32,702	10,924	21,778	70	774
36,173	11,581	24,592	62	1,432
399,135	326,798	72,337	85	8,730
6,253	2,266	3,987	73	(19)
21,699	15,622	6,077	75	(346)
112,490	102,108	10,382	89	(12,943)
9,399	3,889	5,510	79	89
18,127	6,346	11,781	100	(273)
8,771	5,020	3,751	66	293
13,074	4,128	8,946	92	(600)
18,198	3,068	15,130	68	835
123,516	111,033	12,483	86	(1,837)
14,672	8,616	6,056	76	(5)
686,104	604,162	81,942	98	(21,627)
14,330	5,216	9,114	64	912
39,596	23,987	15,609	82	(325)
948,911	670,223	278,688	68	56,454
3,398	383	3,015	0	6
914	679	235	56	(56)
458,315	395,400	62,915	96	5,504
5,334	76	5,258	n.a.	(77)
29,347	9,691	19,656	58	719
65,577	2,844	63,833	86	42
8,817	5,366	3,451	75	284
30,852	30,852	000	n.a.	0
35,836	5,375	30,461	80	6,662

PROPERTY AND CASUALTY COMPANIES

FINANCIAL SUMMARY

year ended December 31, 2001 (in thousands)

Note		Direct premiums written $	ONTARIO BUSINESS Direct claims incurred $
	ONTARIO cont.		
3	Wabisa Mutual Insurance Company	3,403	2,426
	WestElgin Mutual Insurance Company	8,699	4,594
	WestWawanosh Mutual Insurance Company, The	15,323	13,861
	Westminster Mutual Insurance Company, The	3,441	2,628
	Yarmouth Mutual Fire Insurance Company, The	2,333	1,501
	YorkFire & Casualty Insurance Company	43,970	37,710
		1,543,504	1,184,149
	EXTRA PROVINCIAL		
	Alberta Motor Association Insurance Company's	0	0
	Belair Insurance Company Inc.	115,572	123,820
	Canadian Union Insurance Company, The	2,289	3,047
	Coassurance, Compagnie d'Assurances G7n7rales Inc.	76	(234)
	La Sécurité, assurances générales inc.	34	34
	La Mutuelle d'Eglise de L'Inter Ouest	34	6
	SGICANADA Insurance Services Ltd.	216	203
	Travelers Global Insurance Comany	3,234	23
		121,455	126,899
	FEDERAL		
	Gerling Insurance Company of Canada	277,479	187,161
	Gerling Insurance Company of Canada	310,473	273,143
6	Gerling Surety Company	0	0
	GAN Insurance (Canada)	213,941	153,799
	GAN Pacific Insurance Company	11,624	17,956
	Gibbs Inspections and Insurance Company of Canada, The	13,574	7,983
	Gordian Life Casualty Insurance Company	94,321	76,854
5	Grace Direct Insurance Company	0	0
	GRE Insurance Company of Canada	446,883	448,349
	Gresham Insurance Company	3,347	2,753
	Guardian Insurance Company of Canada	199,338	158,971

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Claims incurred to earned premium %	Net income/ (loss) $
8,818	4,716	4,102	65	153
21,178	10,965	10,213	57	772
29,751	20,372	9,379	92	(1,210)
7,340	4,656	2,684	63	622
10,125	2,103	8,022	96	(121)
93,134	78,228	14,906	111	356
5,086,629	3,815,485	1,271,144		50,790
297,220	213,502	83,718	89	4,178
544,689	443,252	101,437	74	4,724
201,069	159,410	41,659	68	4,415
7,555	1,446	6,109	33	289
153,022	102,030	50,992	72	7,823
4,058	245	3,813	88	154
33,377	8,693	24,684	75	294
8,770	1,396	7,374	1	3,848
1,249,760	929,974	319,786		25,725
1,460,530	1,203,622	256,908	91	(42,854)
1,218,326	931,416	286,910	83	4,715
0	0	0	n.a.	0
576,965	480,996	95,969	82	(4,848)
662,343	357,988	304,355	69	3,164
132,299	91,920	40,379	33	10,376
344,632	285,513	59,119	86	3,265
0	0	0	n.a.	0
3,050,252	2,499,925	550,327	85	(25,826)
11,751	2,339	9,412	90	(710)
930,686	741,009	189,677	69	11,729

PROPERTY AND CASUALTY COMPANIES

FINANCIAL SUMMARY

year ended December 31, 2001 (in thousands)

Note		ONTARIO BUSINESS	
		Direct premiums written $	Direct claims incurred $
	FEDERAL cont.		
	CIGNA Insurance Company of Canada	80,709	39,877
	Citadel General Assurance Company, The	105,608	51,153
	Commerce Group Insurance Company, The	0	0
	Commonwealth Insurance Company	16,915	(124)
	Constitution Insurance Company of Canada	0	200
	Co-Operators General Insurance Company	570,627	424,238
	Coseco Insurance Company	80,413	60,341
	TD General Insurance Company	33,857	44,632
	CUMIS General Insurance Company	27,761	17,593
	Dominion of Canada General Insurance Company, The	453,282	341,697
	Echelon General Insurance Company	28,079	31,470
	Economical Mutual Insurance Company	502,561	291,264
	Elite Insurance Company	34,136	14,282
	Everest Insurance Company of Canada	883	169
	Federated Insurance Company of Canada	29,146	25,682
	Federation Insurance Company of Canada	82,276	64,224
	First North American Insurance Company	4,392	1,466
	GE Capital Casualty Company, Canada	0	0
	GE Capital Mortgage Insurance Company (Canada)	126,850	7,980
	Gold Circle Insurance Company	0	0
	Gore Mutual Insurance Company	94,653	80,575
	Grain Insurance and Guarantee Company	4,536	2,250
	Gramic Insurance Company	0	1,730
	Guarantee Company of North America, The	137,675	100,436
	Halifax Insurance Company, The	479,844	377,525
	ING Novex Insurance Company of Canada	17,750	15,325
	ING Wellington Insurance Company	93,604	56,662
	ING Western Union Insurance Company	805	1,293
	Jevco Insurance Company	5,850	6,306
6	Langton Insurance Company	27,307	17,856
	Legacy General Insurance Company	8,715	1,882

TOTAL COMPANY

[illegible] assets $	[illegible] liabilities $	Excess of assets over liabilities $	Claims incurred to earned premium %	Tax income/ (loss) $
525,817	468,250	56,567	101	(9,985)
537,678	414,765	122,913	80	(384)
1,214,636	971,677	243,160	78	38,814
892,338	736,500	155,838	106	2,167
5,684	2,733	2,951	n.a.	98
2,606,297	1,966,383	639,914	90	(16,708)
293,785	218,869	74,916	69	(401)
132,239	94,777	37,462	91	(698)
95,446	80,330	15,116	78	(774)
1,623,673	1,165,843	457,830	75	38,453
168,289	136,431	31,858	108	375
2,674,340	1,439,980	635,359	85	3,260
376,190	238,246	87,294	69	4,261
16,669	5,896	10,773	110	3,017
376,900	242,830	33,970	77	3,823
268,223	219,230	48,993	91	97
68,295	23,334	44,960	63	836
12,909	865	12,434	n.a.	359
947,986	669,319	273,669	79	44,240
8,882	39	8,853	n.a.	98
268,739	173,763	87,996	76	5,359
86,329	57,249	23,829	52	3,012
5,832	1,867	3,985	n.a.	1,280
479,844	369,280	109,664	75	27,423
2,853,986	1,799,335	282,560	78	22,835
178,269	128,998	47,202	78	6,079
177,888	162,636	14,262	78	14,274
973,865	662,237	309,563	79	44,780
232,829	193,269	37,868	65	6,876
68,927	68,639	28,338	71	674
35,335	2,863	32,870	19	1,158

PROPERTY AND CASUALTY COMPANIES

FINANCIAL SUMMARY

year ended December 31, 2001 (in thousands)

Note		Direct premiums written $	ONTARIO BUSINESS Direct claims incurred $
	FEDERAL cont.		
	Liberty Insurance Company of Canada	56,166	78,857
	Lombard General Insurance Company of Canada	196,347	111,456
	Lombard Insurance Company	93,728	90,390
	London and Midland General Insurance Company	17,857	5,904
	London Guarantee Insurance Company	67,502	61,978
	Markel Insurance Company of Canada	54,007	34,441
	Missisquoi Insurance Company, The	8	(2,475)
	Mortgage Insurance Company of Canada, The	0	(397)
	Nordic Insurance Company of Canada, The	(1,483)	(6,871)
	North Waterloo Farmers Mutual Insurance Company, The	20,245	14,644
	Northern Indemnity, Inc.	7,890	(341)
	Old Republic Insurance Company of Canada	31,236	58,689
	Peopleplus Insurance Company	48,900	40,819
	Personal Insurance Company of Canada, The	123,968	82,423
	Perth Insurance Company	31,765	18,678
	Portage La Prairie Mutual Insurance Company, The	8,831	8,670
	Quebec Assurance Company	2	0
	RBC General Insurance Company	63,622	50,673
	RBC Travel Insurance Company	73,282	31,031
	Royal Insurance Company of Canada	580,207	449,457
	Scotia General Insurance Company	0	0
	Security National Insurance Company	198,559	145,017
	Sovereign General Insurance Company, The	37,408	20,088
	TD Direct Insurance Inc.	0	0
	Temple Insurance Company	36,487	25,834
	Traders General Insurance Company	201,329	192,959
	Trafalgar Insurance Company of Canada	98,002	90,315
	Travelers Casualty & Surety Company of Canada	18,300	17,768
	Unifund Assurance Company	103,423	61,204
	Waterloo Insurance Company	25,706	17,246
	Wawanesa Mutual Insurance Company, The	233,560	211,837

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Claims incurred to earned premium %	Net income/ (loss) $
254,054	200,410	53,644	98	(9,388)
803,441	679,122	124,319	78	(29,449)
321,479	277,130	44,349	93	(16,416)
153,789	89,619	64,170	32	20,072
326,437	278,951	47,486	66	2,004
252,638	207,740	44,898	71	4,406
188,868	142,035	46,833	65	3,794
391,515	42,847	348,668	1	13,072
1,061,953	818,856	246,097	74	25,640
43,136	23,695	19,441	74	(278)
79,208	24,159	55,049	0	5,455
149,814	114,476	35,338	148	(5,499)
116,423	30,474	85,949	78	(1,530)
473,800	366,123	107,677	75	(7,451)
85,163	64,456	20,707	77	1,389
146,678	101,322	45,356	78	(1,196)
435,254	340,054	95,200	80	10,198
172,805	78,472	94,333	90	(9,053)
149,460	80,465	68,995	30	6,751
3,235,934	2,625,600	610,334	80	38,467
35,235	28	35,207	n.a.	4,520
724,812	636,371	88,441	79	2,968
272,002	225,799	46,203	65	(1,183)
11,669	47	11,622	n.a.	290
305,149	192,104	113,045	72	6,675
837,842	642,986	194,856	83	5,826
234,073	199,677	34,396	94	(9,965)
112,865	71,758	41,107	46	4,803
295,889	223,645	72,244	73	6,675
75,483	43,583	31,900	80	891
2,571,526	1,438,972	1,135,554	83	31,049

PROPERTY AND CASUALTY COMPANIES

FINANCIAL SUMMARY

year ended December 31, 2001 (in thousands)

Note		ONTARIO BUSINESS Direct premiums written $	Direct claims incurred $
	FEDERAL cont.		
	Western Assurance Company	109,638	71,178
	Western Surety Company	698	(155)
	Zenith Insurance Company	24,552	19,025
		7,135,779	5,551,363
	BRANCH		
	Aegon Insurance Company (U.K.) Limited	0	(148)
	Affiliated FM Insurance Company	8,650	2,150
	Allendale Mutual Insurance Company	44,688	17,258
	Allstate Insurance Company	0	0
	American Bankers Insurance Company of Florida	68,249	14,063
	American Credit Indemnity Company	13,659	9,178
	American Home Assurance Company	173,807	114,089
	American Re Insurance Company	1,436	899
	American Road Insurance Company, The	2,785	3,553
	Ascentus Insurance Ltd.	584	40
	Avemco Insurance Company	1,525	1,785
	Aviation & General Insurance Company Limited	0	(29)
	AXA Corporate Solutions Assurance	2,044	407
	Balboa Insurance Company	0	0
	British Aviation Insurance Company Limited, The	307	435
	Centennial Insurance Company	994	1,452
	Chicago Title Insurance Company	755	373
	Commercial Union Assurance Company PLC	10,664	4,712
	Continental Casualty Company	40,583	24,988
7	Continental Insurance Company, The	0	0
8	Daimler Chrysler Insurance Company	2,042	1,898
	Eagle Star Insurance Company Limited	1,920	(495)
	Ecclesiastical Insurance Office Public Limited Company	23,589	23,342
	Employers Insurance of Wausau, A Mutual Company	(83)	547
	Employers Reinsurance Corporation	59,967	11,178

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Claims incurred to earned premium %	Net income/ (loss) $
259,838	238,584	21,254	80	219
18,661	9,890	8,771	(1)	1,076
74,796	53,021	21,775	91	(3,555)
39,623,351	29,885,933	9,737,418		281,292
2,999	1,102	1,897	n.a.	(94)
58,496	36,794	21,702	48	2,043
340,432	191,171	149,261	66	6,458
17,768	3,633	14,135	7	2,706
162,261	96,067	66,194	23	4,495
73,449	41,373	32,076	61	(626)
1,510,444	1,175,562	334,882	88	16,448
373,497	163,943	209,554	96	13,079
38,499	3,002	35,497	143	(482)
14,221	1,450	12,771	45	271
14,528	6,674	7,854	101	246
3,191	471	2,720	n.a.	264
148,789	103,892	44,897	88	862
7,557	113	7,444	n.a.	1,124
22,652	12,851	9,801	49	1,249
9,845	6,383	3,462	128	(1,367)
4,768	2,281	2,487	72	(318)
114,473	64,031	50,442	49	4,726
587,741	342,488	245,253	78	20,440
0	0	0	n.a.	0
31,993	2,567	29,426	92	1,729
35,388	19,930	15,458	126	(3,213)
119,836	84,779	35,057	83	(110)
97,624	17,377	80,247	138	5,543
613,384	366,485	246,899	90	(9,183)

PROPERTY AND CASUALTY COMPANIES

FINANCIAL SUMMARY

ONTARIO BUSINESS

year ended December 31, 2001 (in thousands)

Note	BRANCH cont.	Direct premiums written $	Direct claims incurred $
	Federal Insurance Company	1,980	706
	First American Title Insurance Company	21,955	2,741
9	General Insurance Company of America	0	0
	General Reinsurance Corporation	0	0
	Great American Insurance Company	15,518	4,242
10	Great American Insurance Company of New York	601	424
	Hanover Insurance Company, The	0	(57)
	Hartford Fire Insurance Company, The	8,313	10,381
	Home Insurance Company, The	0	1,324
	ICAROM Public Limited Company	0	(10)
	Lawyers Title Insurance Corporation	1,269	500
	Liberty Mutual Fire Insurance Company	2,702	3,884
	Liberty Mutual Insurance Company	521,779	457,718
	Lloyd's Underwriters	256,119	108,454
	Lumbermens Mutual Casualty Company	34,161	(30,560)
	Maritime Insurance Company Limited	8,815	5,754
	Maryland Casualty Company	0	0
	Mitsui Marine and Fire Insurance Company Limited	4,877	2,813
	Motors Insurance Corporation	191,190	81,563
	NAC Reinsurance Corporation	21	1,140
	New Hampshire Insurance Company	573	(790)
7	Niagara Fire Insurance Company	0	0
11	Nipponkoa Insurance Company Limited	352	101
	Pearl Assurance Public Limited Company	0	0
	Phoenix Insurance Company, The	0	0
	Progressive Casualty Insurance Company	(172)	5,336
	Protective Insurance Company	171	311
	Providence Washington Insurance Company	757	619
12	Reliance Insurance Company	0	0
13	SAFECO Insurance Company of America	0	0
	Security Insurance Company of Hartford	6,773	1,891

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Claims incurred to earned premium %	Net income/ (loss) $
21,355	7,032	14,323	25	1,118
21,949	7,185	14,764	13	2,427
0	0	0	n.a.	0
541,519	449,028	92,491	155	(45,335)
85,686	54,158	31,528	132	(1,800)
6,611	4,208	2,403	77	110
3,074	75	2,999	n.a.	88
249,093	90,518	158,575	84	11,046
52,896	13,716	39,180	n.a.	503
3,840	435	3,405	n.a.	78
3,480	1,868	1,612	43	(383)
72,965	14,968	57,997	146	6,569
1,515,563	1,013,789	501,774	89	31,155
1,428,189	1,319,013	109,176	82	(29,464)
214,356	26,937	187,419	94	(2,297)
34,550	22,415	12,135	57	2,407
2,183	142	2,041	n.a.	151
45,606	27,955	17,651	85	(632)
450,578	328,907	121,671	81	17,926
72,465	54,032	18,433	94	(1,356)
99,078	48,258	50,820	24	4,475
0	0	0	n.a.	0
22,519	7,851	14,668	216	(327)
1,683	25	1,658	n.a.	(77)
3,688	3	3,685	n.a.	134
95,814	61,059	34,755	(560)	(1,229)
8,109	911	7,198	180	(26)
18,161	10,225	7,936	45	1,124
0	0	0	n.a.	0
0	0	0	n.a.	0
119,936	78,568	41,368	102	3,586

PROPERTY AND CASUALTY COMPANIES

FINANCIAL SUMMARY

ONTARIO BUSINESS

year ended December 31, 2001 (in thousands)

Note		Direct premiums written $	Direct claims incurred $
	BRANCH cont.		
	Sentry Insurance, A Mutual Company	741	737
	Skandia Insurance Company Ltd.	0	(75)
17	Specialty National Insurance Company	0	108
	St. Paul Fire and Marine Insurance Company	72,994	73,341
	State Farm Fire and Casualty Company	203,726	171,116
	State Farm Mutual Automobile Insurance Company	578,415	601,057
	Stewart Title Guaranty Company	22,414	2,352
	TIG Insurance Company	9,270	9,636
	Tokio Marine and Fire Insurance Company Limited, The	8,905	8,857
	Trade Indemnity PLC	0	0
	Travelers Indemnity Company, The	54	620
	UAP - New Rotterdam Insurance Company NV	0	(90)
	Underwriters Reinsurance Company	0	0
	Utica Mutual Insurance Company	161	68
	Virginia Surety Company, Inc.	1,091	6,552
	Yasuda Fire and Marine Insurance Company, Limited, The	1,371	680
	Zurich Insurance Company	531,597	318,818
		2,966,658	2,083,937
	Totals	11,767,396	8,946,348

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Claims incurred to earned premium %	Net income/ (loss) $
19,782	3,547	16,235	168	436
23,758	1,023	22,735	n.a.	1,335
7,397	710	6,687	n.a.	266
691,569	448,340	243,229	96	2,222
439,924	318,293	121,631	90	(53,747)
1,828,835	1,316,528	512,307	109	(112,208)
16,644	5,316	11,328	10	3,697
60,821	42,511	18,310	107	(4,796)
44,621	20,110	24,511	80	(135)
0	0	0	n.a.	0
117,397	53,046	64,351	n.a.	8,833
8,273	2,850	5,423	n.a.	742
20,750	10,472	10,278	110	343
24,381	4,212	20,169	42	1,183
62,358	21,016	41,342	94	2,496
23,033	4,574	18,459	84	527
1,566,356	998,490	567,866	73	61,182
14,554,680	9,638,738	4,915,942		(21,363)
60,514,420	44,270,130	16,244,290		336,444

LIFE INSURANCE COMPANIES

FINANCIAL SUMMARY

year ended December 31, 2001 (in thousands)

Note		ONTARIO BUSINESS	
		Direct premiums written $	Benefits and payments to policyholders $
	ONTARIO		
	CT Financial Assurance Company	67,377	14,539
	Gerling Global Life Insurance Company	0	(168)
	Ingle Life & Health Assurance Co.	23,908	7,673
	Security Life Insurance Company	0	23,866
	Union du Canada Assurance vie	967	703
		92,252	46,613
	EXTRA PROVINCIAL		
	Acadia Life	0	0
	Aegis Insurance Corporation	10	0
	Assomption Compagnie d'Assurance vie	1,706	662
	AXA Assurance Inc.	675	260
	Canassurance Life Insurance Company Inc.	36,257	30,518
15	Desjardins Laurentian Life Assurance Company Inc.	279,520	305,748
	First Canadian Insurance Corporation	13,870	1,985
	Industrial Alliance Life Insurance Company	188,089	126,978
	National Bank Life Insurance Company	7,435	2,182
	SSQ, Societe d'Assurance vie Inc.	9,051	3,984
	Trans Global Life Insurance Company	605	182
		537,218	472,499
	FEDERAL		
16	AIG Assurance Canada	57,446	40,167
	AIG Life Insurance Company of Canada	102,892	28,044
	Allstate Life Insurance Company of Canada	0	0
	Blue Cross Life Insurance Company of Canada	3,278	3,217
	Canada Life Assurance Company, The	1,502,645	1,222,968
	Canadian Premier Life Insurance Company	49,610	9,181
17	Chrysler Life Insurance Company of Canada	0	0
	CIBC Life Insurance Company Limited	12,827	2,101
	CIGNA Life Insurance Company of Canada	30,347	11,526

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Net profit/ (loss) $
32,121	15,245	16,876	617
113,320	43,843	69,477	663
9,010	8,677	333	(6,933)
258,064	249,592	8,472	1,605
62,318	51,794	10,524	352
474,833	369,151	105,682	(3,696)
43,415	30,049	13,366	999
18,699	11,364	7,335	2,161
424,714	383,366	41,348	3,586
942,052	622,283	319,769	35,122
88,930	64,446	24,484	1,350
8,782,193	7,456,363	1,325,830	91,495
98,971	68,439	30,532	5,072
5,884,597	4,723,253	1,161,344	107,597
109,711	74,802	34,909	8,033
1,205,829	1,054,341	151,488	13,633
7,326	762	6,564	646
17,606,437	14,489,468	3,116,969	269,694
509,600	461,498	48,102	3,127
519,762	432,611	87,151	3,005
3,363	325	3,038	633
112,836	84,256	28,580	2,877
23,853,943	20,442,882	3,411,061	341,612
69,937	20,212	49,725	2,135
0	0	0	0
46,360	14,153	32,207	4,967
74,150	63,930	10,220	1,132

LIFE INSURANCE COMPANIES

FINANCIAL SUMMARY

year ended December 31, 2001 (in thousands)

Note		Direct premiums written $	ONTARIO BUSINESS Benefits and payments to policyholders $
	FEDERAL cont.		
	Clarica Life Insurance Company	1,363,165	1,336,701
	CNA Life Insurance Company of Canada	13,746	7,245
	Co Operators Life Insurance Company	193,082	123,260
	Commercial Union Life Assurance Company of Canada	51,545	28,911
	CompCorp Life Insurance Company	0	0
	Concordia Life Insurance Company	25,869	19,097
18	Confederation Life Insurance Company	0	0
	Crown Life Insurance Company	0	0
	CUMIS Life Insurance Company	62,054	32,231
	Empire Life Insurance Company, The	187,080	180,697
	Equitable Life Insurance Company of Canada, The	177,310	138,198
	Federated Life Insurance Company of Canada	8,556	6,774
	Great West Life Assurance Company, The	1,198,276	1,165,989
	Industrial Alliance Pacific Life Insurance Company	54,426	27,242
	London Life Insurance Company	971,795	726,682
	Manufacturers Life Insurance Company, The	1,591,461	1,52[illegible]479
	Maritime Life Assurance Company, The	794,971	609,167
	MD Life Insurance Company	1,754	8
	National Life Assurance Company of Canada, The	195,835	248,677
	Penncorp Life Insurance Company	17,867	5,194
	Primerica Life Insurance Company of Canada	62,895	14,360
	RBC Life Insurance Company	153,327	64,786
	Reliable Life Insurance Company	23,917	12,059
	Royal & Sun Alliance Life Insurance Company of Canada	80,584	59,824
	Scotia Life Insurance Company	5,309	1,552
	Standard Life Assurance Company of Canada, The	422	1,727
	Sun Life Assurance Company of Canada	1,124,314	1,017,360
19	TD Life Insurance Company	6,209	1,673
20	Toronto Mutual Life Insurance Company	12,653	5,628
21	Transamerica Life Canada	276,849	162,879
	Wawanesa Life Insurance Company, The	11,120	8,218

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Net profit/ (loss) $
27,457,139	24,278,973	3,178,166	418,237
33,163	(10,075)	43,238	5,939
1,579,570	1,315,041	264,529	33,418
929,096	814,949	114,147	13,713
10,112	112	10,000	382
701,763	643,240	58,523	(13,007)
0	0	0	0
1,122,862	740,179	382,683	43,862
502,945	433,022	69,923	10,193
1,773,144	1,384,035	389,109	28,309
820,626	702,473	118,153	14,646
46,396	33,951	12,445	1,688
11,053,134	8,573,928	2,479,206	301,326
1,733,991	1,508,465	225,526	26,017
17,543,686	16,034,127	1,509,559	169,934
34,659,629	26,374,539	8,285,090	1,152,045
7,358,219	6,353,106	1,005,113	124,113
60,640	41,802	18,838	838
1,757,437	1,493,643	263,794	23,961
82,004	49,690	32,314	1,893
201,216	(17,455)	218,671	35,981
1,303,605	1,071,297	232,308	17,527
46,532	31,067	15,465	1,598
1,284,132	987,789	296,343	7,244
34,845	(5,084)	39,929	4,446
123,072	115,190	7,882	1,094
37,513,188	29,991,409	7,521,779	920,668
20,624	(653)	21,277	911
137,135	113,288	23,847	1,422
2,997,423	2,243,227	754,196	63,606
334,260	283,709	50,551	5,086

LIFE INSURANCE COMPANIES

FINANCIAL SUMMARY

year ended December 31, 2001 (in thousands)

Note		ONTARIO BUSINESS	
		Direct premiums written $	Benefits and payments to policyholders $
	FEDERAL cont.		
20	Western Life Assurance Company, The	0	0
	Zurich Life Insurance Company of Canada	28,583	(52,173)
		10,399,573	8,758,482
	BRANCH		
	Aetna Life Insurance Company	1,915	2,200
	Allianz Life Insurance Company of North America	18,405	328,765
	Allstate Life Insurance Company	0	0
	American Bankers Life Assurance Company of Florida	49,263	11,321
	American Income Life Insurance Company	7,955	1,402
	AMEX Assurance Company	542	150
	Associates Financial Life Insurance Company	6,269	2,155
	Balboa Life Insurance Company	0	0
	Bankers Life and Casualty Company	1,928	2,051
	Combined Insurance Company of America	32,852	11,739
	Connecticut General Life Insurance Company	9,291	11,722
22	Continental Assurance Company	0	0
	Cuna Mutual Insurance Society	241	526
	Equitable Life Assurance Society of The United States, The	61	1,174
	First Allmerica Financial Life Insurance Company	35	32
	Ford Life Insurance Company	0	0
	Forethought Life Insurance Company	32,694	6,108
23	Fortis Benefits Insurance Company	13,206	3,812
	General American Life Insurance Company	(58)	0
	Gerber Life Insurance Company	148	0
	Hartford Life Insurance Company	134	676
	Household Life Insurance Company	8,428	1,783
	John Alden Life Insurance Company	0	13
	John Hancock Life Insurance Company	48	620
	J.C. Penney Life Insurance Company	53	20
	Liberty Life Assurance Company of Boston	45,869	15,041

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Net profit/ (loss) $
0	0	0	0
801,305	625,382	175,923	46,576
178,703,244	147,262,735	31,440,509	3,820,027
45,333	18,755	26,578	2,573
132,083	49,989	82,094	(9,177)
2,695	56	2,639	129
141,708	80,739	60,969	6,693
74,661	10,481	64,180	9,945
6,698	620	6,078	277
78,829	32,665	46,164	7,009
15,118	83	15,035	936
4,322	792	3,530	(372)
403,189	242,065	161,124	29,904
58,645	43,529	15,116	(992)
0	0	0	0
23,911	17,784	6,127	(335)
26,659	13,093	13,566	3,324
3,355	2,190	1,165	144
0	0	0	0
121,274	101,217	20,057	4,021
195,151	168,093	27,058	925
886,414	579,395	307,019	(83,051)
10,738	40	10,698	(117)
23,906	18,560	5,346	182
71,685	21,664	50,021	8,466
2,213	1,228	985	(39)
32,594	8,480	24,114	(2,095)
28,290	3,436	24,854	1,095
63,684	48,411	15,273	(373)

LIFE INSURANCE COMPANIES

FINANCIAL SUMMARY

year ended December 31, 2001 (in thousands)

Note		Direct premiums written $	ONTARIO BUSINESS Benefits and payments to policyholders $
	BRANCH cont.		
	Life Insurance Company of North America	289	3,364
	Life Investors Insurance Company of America	4,357	1,895
	Lincoln Heritage Life Insurance Company o/a Superior Life Ins. Co.	509	79
	Lincoln National Life Insurance Company, The	0	0
	Massachusetts Mutual Life Insurance Company	40	347
	Metropolitan Life Insurance Company	9,782	13,927
	MIC Life Insurance Corporation	0	0
	Minnesota Life Insurance Company	327	358
	Mutual of Omaha Insurance Company	0	0
	National Fidelity Life Insurance Company	316	8
	New York Life Insurance Company	18,034	6,470
24	Paul Revere Life Insurance Company, The	0	0
	Pennsylvania Life Insurance Company	3,125	1,613
	Phoenix Home Life Mutual Insurance Company	0	0
	Principal Life Insurance Company	246	465
	Provident Life and Accident Insurance Company	231,057	205,231
	Prudential Insurance Company of America, The	9,276	11,427
	Royal Maccabees Life Insurance Company	0	0
	Standard Life Assurance Company, The	655,754	840,730
	State Farm Life Insurance Company	58,755	30,406
	Travelers Insurance Company, The	0	475
	Union Fidelity Life Insurance Company	0	0
	United American Insurance Company	565	512
25	UNUM Life Insurance Company of America	0	0
		1,221,711	1,518,617
	Totals	12,308,200	10,836,378

			TOTAL COMPANY
Total assets $	Total liabilities $	Excess of assets over liabilities $	Net profit/ (loss) $
38,658	19,390	19,268	(2,307)
155,298	92,408	62,890	9,275
10,759	1,127	9,632	506
288,304	(7,977)	296,281	73,678
13,140	5,264	7,876	518
1,567,480	545,240	1,022,240	49,439
3,548	4	3,544	108
2,716	119	2,597	162
1,217	451	766	(338)
5,005	2,082	2,923	91
207,252	79,572	127,680	12,055
0	0	0	0
172,798	111,517	61,281	7,812
2,159	774	1,385	(1)
10,485	7,157	3,328	(64)
1,854,003	1,374,110	479,893	42,469
478,121	330,284	147,837	5,890
12,639	5,968	6,671	82
12,167,791	11,024,637	1,143,154	36,902
702,149	563,526	138,623	1,455
23,501	4,767	18,734	1,545
6,029	0	6,029	436
20,242	5,991	14,251	796
0	0	0	0
20,196,449	15,629,776	4,566,673	219,581
217,490,563	178,212,628	39,277,935	4,308,733

REINSURANCE COMPANIES

FINANCIAL SUMMARY

year ended December 31, 2001 (in thousands)

This table lists only those companies which are licensed solely for the business of reinsurance.

Note		ONTARIO BUSINESS	
		Premiums assumed	Net losses incurred
		$	$
	ONTARIO		
	Farm Mutual Reinsurance Plan Inc.	58,083	16,040
	Gerling Global Reinsurance Company	42,866	18,919
		100,949	34,959
	EXTRA PROVINCIAL		
	Optimum Reassurance Inc.	24,577	5,068
	FEDERAL		
	Anglo Canada General Insurance Company	52,908	42,437
	Munich Reinsurance Company of Canada	158,035	25,361
	Odyssey Reinsurance Company of Canada	0	0
	RGA Life Reinsurance Company of Canada	116,082	3,644
	SCOR Canada Reinsurance Company	79,340	45,446
	Swiss Re Life & Health Canada	203,311	50,085
	Swiss Reinsurance Company Canada	90,511	33,370
	Trygg Hansa Reinsurance Company of Canada	1	(126)
		700,188	200,217
	BRANCH		
26	Alea Europe Ltd.	6,095	11,453
	American Agricultural Insurance Company	3,297	944
27	AXA Corporate Solutions	142,439	91,969
	Caisse Central de Reassurance	13,990	8,159
	Cologne Reinsurance Company	71	(87)
	Employers Reassurance Corporation	30,711	14,866
	Everest Reinsurance Company	28,466	15,566
	Folksamerica Reinsurance Company	23,567	17,883
28	GE Frankona Ruckversicherungs Aktiengesellschaft	52,033	33,449
	GE Reinsurance Company	4,571	1,895
	General & Cologne Life Re of America	0	0
	Hannover Ruckversicherungs Aktiengesellschaft	43,582	24,593

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Claims incurred to earned premium %	Net income/ (loss) $
330,695	205,478	125,217	61	15,858
242,372	189,218	53,154	78*	1,771
573,067	394,696	178,371		17,629
199,387	159,511	39,876	n.a.	2,732
163,138	124,360	38,778	84	(1,100)
893,206	763,016	130,190	83	3,824
6,119	304	5,815	n.a.	(315)
1,405,016	1,119,412	285,604	n.a.	19,029
406,203	330,700	75,503	73	7,048
2,493,838	2,211,696	282,142	n.a.	89,045
910,460	740,797	169,663	72	31,597
14,261	3,800	10,461	n.a.	402
6,292,241	5,294,085	998,156		149,530
113,274	70,679	42,595	88	587
29,588	15,804	13,784	69	1,442
737,454	477,917	259,537	95	3,210
47,975	22,485	25,490	77	(88)
27,888	4,764	23,124	n.a.	1,326
840,164	426,146	414,018	n.a.	(114,503)
345,182	251,086	94,096	80	10,543
107,527	74,255	33,272	93	(3,285)
124,971	87,905	37,066	n.a.*	7,258
99,686	56,694	42,992	39	4,217
11,874	3,506	8,368	n.a.	1,165
249,908	175,989	73,919	77	4,592

REINSURANCE COMPANIES

FINANCIAL SUMMARY

year ended December 31, 2001 (in thousands)

This table lists only those companies which are licensed solely for the business of reinsurance.

Note		ONTARIO BUSINESS	
		Premiums assumed	Net losses incurred
		$	$
	BRANCH cont.		
	Insurance Corporation of New York, The	0	(49)
	Le Mans Re	31,220	18,480
	Life Reassurance Corporation of America	0	0
	Munich Reinsurance Company	471,410	364,926
	National Reinsurance Corporation	0	521
	Nationwide Mutual Insurance Company	251	(496)
	Nederlandse Reassurantie Groep N.V.	0	(6)
	Nordisk Reinsurance Company A/S	0	0
	NRG Victory Reinsurance Limited	11	(2,149)
	NW Reinsurance Corporation Limited	5	(48)
	Odyssey American Reinsurance Corporation	29,824	26,386
29	PartnerRe Sa	50,855	48,987
	Philadelphia Reinsurance Corporation	0	204
	Pohjola Insurance Company Ltd.	0	0
	ReliaStar Life Insurance Company	18,618	22,584
	SCOR Vie	30,862	16,368
	Sorema North America Reinsurance Comapny	12,214	9,522
	Swiss Re Italia S.P.A.	(1)	(37)
	Swiss Reinsurance Company	129,036	27,998
	Terra Nova Insurance Company Limited	9,931	8,077
	Toa Re Insurance Company of America	9,894	4,637
	Transatlantic Reinsurance Company	50,451	14,074
	Unigard Security Insurance Company	0	0
		1,193,406	780,669
	Totals	2,019,120	1,020,913

*For reinsurance companies with both life and property & casualty business, claims incurred as a percentage of earned premium provided in the report, pertains only to property & casualty business.

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Claims incurred to earned premium %	Net income/ (loss) $
24,381	4,212	20,169	42	1,183
101,354	75,848	25,506	96	(4,216)
1,636	0	1,636	n.a.	1,313
3,348,870	2,542,950	805,920	86*	60,450
3,073	1,043	2,030	n.a.	(402)
38,112	12,522	25,590	174	2,678
6,026	2,340	3,686	n.a.	312
1,580	370	1,210	n.a.	12
35,625	10,006	25,619	n.a.	3,416
23,795	8,600	15,195	n.a.	1,038
95,859	65,049	30,810	92	(460)
343,056	30,339	312,717	n.a.*	(7,529)
3,757	912	2,845	n.a.	(49)
1,386	0	1,386	n.a.	0
93,698	63,873	29,825	n.a.	(6,414)
197,404	147,986	49,418	n.a.	3,439
139,375	91,682	47,693	62	3,293
10,092	848	9,244	n.a.*	444
1,337,920	71,669	1,266,251	72*	(16,142)
90,755	40,101	50,654	74	5,084
67,967	46,913	21,054	94	(253)
308,168	215,571	92,597	82	2,760
10,015	1,804	8,211	n.a.	446
9,019,395	5,101,868	3,917,527		(33,133)
16,084,090	10,950,160	5,133,930		136,758

RECIPROCAL OR INTERINSURANCE EXCHANGES

FINANCIAL SUMMARY

ONTARIO BUSINESS

year ended December 31, 2001 (in thousands)	Note	Direct premiums written $	Direct claims incurred $
ONTARIO			
Canadian Lawyers Liability Assurance Society		14,759	21,106
Canadian Universities Reciprocal Insurance Exchange		2,864	2,648
Community Newspaper Reciprocal Insurance Exchange		73	44
Healthcare Insurance Reciprocal of Canada		31,516	16,396
Metro Public Education Insurance Exchange		0	0
Municipal Electric Association Reciprocal Insurance Exchange		6,648	4,101
Ontario Municipal Insurance Exchange		7,027	5,194
Ontario School Boards' Insurance Exchange		21,124	24,825
		84,011	74,314
BRANCH			
Lumbermen's Underwriting Alliance		5,302	3,410
Totals		89,313	77,724

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Claims incurred to earned premium %	Net income/ (loss) $
91,817	77,758	14,059	46	3,370
30,389	23,161	7,228	89	533
1,154	203	951	27	88
198,462	111,357	87,105	72	16,841
0	0	0	n.a.	0
21,827	15,373	6,454	67	1,065
42,154	36,985	5,169	86	1,390
116,632	92,385	24,247	136	13
502,435	357,222	145,213		23,300
68,250	38,314	29,936	103	(8,698)
570,685	395,536	175,149		14,602

FRATERNAL SOCIETIES

FINANCIAL SUMMARY

year ended December 31, 2001 (in thousands)

Note		Direct premiums written $	ONTARIO BUSINESS Benefits and payments to policyholders $
	ONTARIO		
	Guaranteed Funeral Deposits of Ontario (Fraternal)	24,173	20,164
	Metropolitan Toronto Police Widows' and Orphans' Fund	1,839	1,839
	Teachers Life Insurance Society (Fraternal)	7,121	4,164
		33,733	26,167
	FEDERAL		
	ACTRA Fraternal Benefit Society	6,854	6,031
	Canadian Professional Sales Association	661	656
	Canadian Slovak Benefit Society	32	101
	Canadian Slovak League	34	63
	Grand Orange Lodge of British America, The	978	1,213
	Independent Order of Foresters, The	16,844	23,622
	Lutheran Life Insurance Society of Canada	10,556	13,530
	Order of Italo Canadians, The	16	11
	Sons of Scotland Benevolent Association	47	224
	Ukrainian Fraternal Society of Canada	42	97
	Ukrainian Mutual Benefit Association of St. Nicholas of Canada	5	40
	Workers Benevolent Association of Canada	39	84
		36,108	45,672
	BRANCH		
	ACA Assurance	506	182
	Croatian Catholic Union of U.S.A. and Canada	24	13
	Croatian Fraternal Union of America	239	231
30	First Catholic Slovak Ladies Association of The U.S.A., The	0	0
31	First Catholic Slovak Union of The United States of America & Cananda	0	0
	Knights of Columbus	48,892	25,577
	Royal Arcanum, Supreme Council of, The	69	132
32	Serb National Federation	0	0
	Ukrainian Fraternal Association of America	43	65
	Ukrainian National Aid Association of America	0	0

			TOTAL COMPANY
Total assets	Total liabilities	Excess of assets over liabilities	Net income/ (loss)
$	$	$	$
162,792	161,919	873	228
45,253	37,168	8,085	1,668
26,597	22,612	3,985	(166)
234,642	221,699	12,943	1,730
52,240	34,447	17,793	48
30,079	21,503	8,576	(118)
2,509	1,741	768	(87)
1,723	1,906	(183)	(361)
20,948	18,625	2,323	(4)
5,968,416	4,544,540	1,423,876	14,912
307,146	276,888	30,258	332
1,450	930	520	(24)
11,480	9,606	1,874	227
7,105	6,058	1,047	69
5,099	3,839	1,260	(8)
3,870	3,433	437	(89)
6,412,065	4,923,516	1,488,549	14,897
18,410	15,207	3,203	250
698	400	298	(17)
8,585	7,767	818	569
0	0	0	0
0	0	0	0
962,037	805,075	156,962	29,654
10,629	4,529	6,100	508
0	0	0	0
4,753	2,428	2,325	453
0	0	0	0

FRATERNAL SOCIETIES

FINANCIAL SUMMARY

year ended December 31, 2001 (in thousands)

Note		Direct premiums written $	ONTARIO BUSINESS Benefits and payments to policyholders $
	BRANCH cont.		
33	Ukrainian National Association	94	214
	United Commercial Travelers of America, Order of	173	67
	Woman's Life Insurance Society	284	657
		50,324	27,138
	Total	120,165	98,977

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Net income/ (loss) $
15,253	6,698	8,555	441
3,800	2,045	1,755	204
11,121	8,570	2,551	307
1,035,286	852,719	182,567	32,369
7,681,993	5,997,934	1,684,059	48,996

Financial Summary Notes

1 No financial information was reported in 2001 for Canadian Millers' Mutual Insurance Company. The company was ordered into liquidation effective December 13, 2001.

2 East Williams Mutal Fire Insurance Company, Ekfrid Mutal Insurance Company and Lobo Mutual Insurance Company amalgamated using the name Town & Country Mutual Insurance Company. The licences of East Williams Mutual Fire Insurance Company, Ekfrid Mutual Insurance Company and Lobo Mutual Insurance Company were cancelled January 1, 2001.

3 The former name of Wabisa Mutual Insurance Company is Wabisa Mutual Fire Insurance Company.

4 No financial information was reported in 2001 for Alta Surety Company. The company was placed in liquidation in July of 2001.

5 The former name of Certas Direct Insurance Company was The Personal Insurance Company of Canada. No financial information was reported in 2001 for Certas Direct Insurance Company. The licence of Certas Direct Insurance Company was cancelled January 21, 2002.

6 The former name of Langdon Insurance Company was Hartford Insurance Company of Canada.

7 The Continental Insurance Company and Niagara Fire Insurance Company trasferred their insurance business to the Continental Casualty Company in December of 2001 and have requested we cancel their Ontario licences.

8 The former name of Daimler-Chrysler Insurance Company is Chrysler Insurance Company.

9 No financial information was reported in 2001 for General Insurance Company of America. Company ceased doing business in Canada effective December 24, 2001.

10 The former name of Great American Insurance Company of New York was National Fire Insurance Company.

11 The Nippon Fire & Marine Insurance Company Limited and KOA Fire and Marine Insurance Company amalgamated April 27, 2001. The name of the amalgamated company is Nipponkoa Insurance Company Limited.

12 On November 8, 2001, the Superintendent of Financial Institutions took control of Reliance Insurance Company and the court granted a Winding Up Order.

13 No financial information was reported in 2001 for SAFECO Insurance Company of America. Company ceased doing business in Canada effective December 24, 2001.

14 The former name of Specialty National Insurance Company is Calvert Insurance Company.

15 Laurentian Life and Health Insurance Corporation and Desjardins Laurentian Life Assurance Company Inc. merged effective March 19, 2001. The company will use the name Desjardins-Laurentian Life Assurance Company Inc.

16 The former name of AIG Assurance Canada is Norwich Union Life Insurance Company (Canada).

17 No financial information was reported in 2001 for Chrysler Life Insurance Company of Canada. The company is winding up and has no outstanding and unpaid claims in respect of any insurance policies written in Ontario.

18 No financial information was reported in 2001 for Confederation Life Insurance Company. The company is being wound up under the provision of the *Winding Up Act*.

19 The former name of TD Life Insurance Company is Toronto Dominion Life Insurance Company.

20 Toronto Mutual Life Insurance Company and The Western Life Assurance Company amalgamated on January 1, 2002 and will continue under the name Unity Life of Canada.

21 The former name of Transamerica Life Canada is Transamerica Life Insurance Company of Canada.

22 No financial information was reported in 2001 for The Continental Assurance Company. The company transferred its business to CAN Life Insurance Company of Canada and has requested that we cancel its licence.

23 The former name of Fortis Benefits Insurance Company is Pierce National Life Insurance Company.

24 No financial information was reported in 2001 for The Paul Revere Life Insurance Company. The Order Revoking the Order to Insure Canada Risks was issued June 22, 2002.

25 No financial information was reported in 2001 for UNUM Life Insurance Company of America. The Order Revoking the Order to Insure Canada Risks was issued June 22, 2002.

26 The former name of Alea Europe Ltd. is Rhine Re Ltd.

27 The former name of AXA Corporate Solutions is Axa Reassurance.

28 The former name of GE Frankona Ruckversicherungs Aktiengesellschaft is ERC Frankona Ruckversicherungs Aktein-Gesellschaft.

29 The former name of PartnerRe Sa is SAFR Partner Re.

30 No financial information was reported in 2001 for The First Catholic Slovak Ladies Association of The U.S.A. The society is in the process of being wound up.

31 No financial information was reported in 2001 for The First Catholic Slovak Union of The United States of America & Canada. The society is in the process of being wound up. Their liabilities have been transferred to Toronto Mutual Life Insurance Company.

32 No financial information was reported in 2001 for Serb National Federation. The society is in the process of being wound up.

33 No financial information was reported in 2001 for Ukrainian National Aid Association of America. The society is in the process of being wound up.